CLAAS

2008 Annual Report

Driving Force

The cover of this annual report shows seven growth phases of seed oats (Lat.: Avena sativa).

Oats prefer a moderate climate with high rainfall and grow on nearly any type of soil – as long as there is enough water. Read more about soil in the article “The Soil – An Uncharted Universe beneath our Feet” starting on page 14.

CLAAS Group Overview

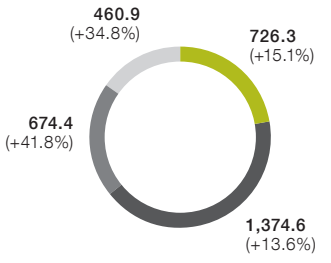
Financial Indicators (IFRS)

in € million	2008	2007	Change in %
Financial Performance			
Sales	3,236.2	2,658.9	21.7
EBIT	282.5	209.9	34.6
EBITDA	385.6	312.0	23.6
Net income	169.3	114.8	47.5
Income before taxes	248.1	175.8	41.1
Cash flow	285.9	236.3	21.0
R&D costs*	113.8	109.6	3.8
Financial Position			
Equity	731.0	604.4	20.9
Capital expenditure	115.1	101.4	13.5
Total assets	2,023.9	1,776.0	14.0
Employees			
Employees as at the balance sheet date	9,100	8,425	8.0
Personnel expenses	514.9	472.8	8.9

* Before capitalized and amortized development costs.

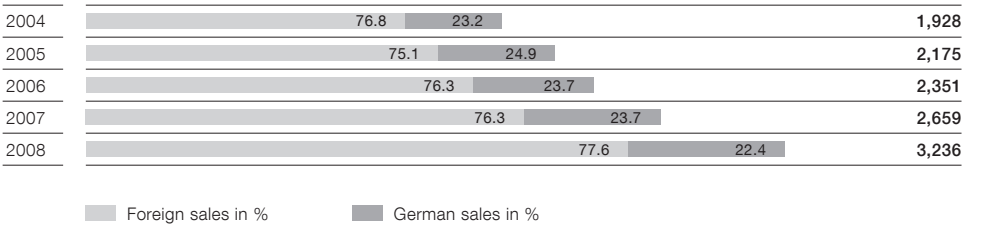
Sales by Region

in € million



Sales per Year

in € million



Highlights of the Year

01/08

New tractor production in Krasnodar
The CLAAS plant in Krasnodar in Southern Russia now produces tractors in addition to combine harvesters. The first ATLES machines have already come off the assembly line. The 280 hp tractors, which were formerly built exclusively at the CLAAS tractor factory in Le Mans, France, are extremely popular in Russia.

02/08

Combine harvesters and foragers win iF Product Design Award in gold
Two CLAAS machines won the renowned Gold iF Product Design Award. The jury picked both the TUCANO combine harvester and the JAGUAR forager for the award because of their winning combination of technology and aesthetics.

03/08

25,000th JAGUAR assembled
The Harsewinkel, Germany, plant celebrated the assembly of the 25,000th JAGUAR forager. Many employees from development and assembly were present when the milestone machine with the signature of Helmut Claas reached the end of the production line.

03/08

Best Production in Eastern Europe
CLAAS Hungaria Kft., our Hungarian subsidiary, received one of the highest awards in the German industry. In the “Factory of the Year” competition, it was chosen as the winner in the “Best Production in Eastern Europe” category.

04/08

New cab assembly in Le Mans
The CLAAS facility in Le Mans demonstrates that teamwork can be effective across national borders as well. The new U-shaped cab assembly line is the product of German-French cooperation. It is about 200 meters long and has significantly increased capacities.

05/08

The first combine harvester from the new CLAAS factory in Chandigarh, India
The opening was enthusiastically welcomed by numerous guests of honor, dealers, customers, the Indian press, and many CLAAS employees. Partner Cathrina Claas pointed out the important role of Indian agriculture and the tremendous opportunities for the Company in the Indian market.

06/08

CLAAS Tractor S.A.S.
With the acquisition of the remaining 20% stake, Renault Agriculture S.A.S. is now wholly owned by CLAAS. The French subsidiary Renault Agriculture S.A.S., which has been responsible for the development and production of CLAAS tractors as an independent division, has been renamed CLAAS Tractor S.A.S.

07/08

Groundbreaking ceremony for expanded CLAAS logistics center in Hamm, Germany
With this symbolic act, the construction of a new, expanded parts logistics center started in Hamm-Uentrop, Germany. This center will significantly strengthen global parts distribution at CLAAS.

Driving Force

What makes CLAAS a driving force? We stay in motion and continuously develop even better solutions, while always keeping our feet on the ground. We don’t just follow trends. We produce what we consider to be the best solution for our customers. We are driven by our strong commitment to innovation and quality. We want to build the best machines and satisfy our customers. Ultimately, this is what leads us to our goal: to remain an independent, successful agricultural equipment company – a driving force in the majority of our markets.

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Consolidated Financial Statements

Report of the Supervisory Board

Dear Business Partners,

The Supervisory Board of CLAAS KGaA mbH monitored and analyzed the Group's business situation and risk position at its regular meetings during fiscal 2008. The Supervisory Board's assessments were based on reports by the Executive Board on the Group's strategic orientation, the financial position and financial performance, deviations of the course of business from the plans established as well as operating decisions. The reports were received in two sessions and used as a basis for the decisions made by the Supervisory Board.

The Supervisory Board's deliberations focused on the sales and earnings outlook, the development of business in accordance with budgets, the acceptance of the auditor's reports as well as the auditing of the annual financial statements of CLAAS KGaA mbH and the CLAAS Group, and plans for the year 2009 including the following:

- Medium-term plans 2009-2013
- Investment projects at production facilities in Germany, France, Russia, Hungary, and India
- Strategic realignment of the Production Technology segment
- Expansion of the central logistics center for spare parts

The following change from the prior year took place on the Supervisory Board, which had been elected for another term on a rotational basis at the Annual General Meeting in January 2005: Mr. Uwe Bolweg left the Supervisory Board on October 1, 2008.

The annual financial statements of CLAAS KGaA mbH and the consolidated financial statements of the CLAAS Group as of September 30, 2008, as well as the management reports for CLAAS KGaA mbH and the CLAAS Group were audited by Deloitte & Touche GmbH, Düsseldorf, the auditors elected at the Annual General Meeting on December 11, 2007, and appointed by the Supervisory Board. The statements and reports received an unqualified audit opinion on November 20, 2008.

The annual financial statements, the consolidated financial statements and management reports as well as the proposal for the appropriation of profits were presented to the Supervisory Board upon completion. These documents as well as the auditor's reports were available to the members of the Supervisory Board and were discussed in detail at the Supervisory Board meeting on December 10, 2008, in the presence of the auditor.

The Supervisory Board then passed the following resolution:

After his own review, the Supervisory Board approved the results of the audit. No objections were raised. The Supervisory Board therefore approves the consolidated financial statements. It recommends to the shareholders that the annual financial statements of CLAAS KGaA mbH for fiscal 2007 / 2008 be adopted and agrees with the proposal for appropriation of profits made by the executive board of the personally liable partner.

Cathrina and Helmut Claas

The Supervisory Board would like to thank the Executive Board and all employees for their commitment and achievements during the year under review.

In the new fiscal year, it will be the task to take full advantage of the opportunities for continued growth. In the process, we must maintain the necessary flexibility to respond appropriately to changes in the market environment. Our objective is to secure a stable and positive development for CLAAS over the long term.

Harsewinkel, December 10, 2008

The Supervisory Board
Dipl.-Ing. Dr. h. c. Helmut Claas
(Chairman)

Cathrina Claas
(Member of the Supervisory Board)

Letter from the Group Executive Board

Dear Business Partners,

The past fiscal year was a favorable one for most agricultural enterprises around the world, for the agricultural equipment market, and for the family-owned company CLAAS.

The optimistic mood in the agricultural business led to another rise in capital spending in the sector. The surge in demand from almost all continents led to a very good utilization of capacities and a full workload for all areas of production and procurement. This is why 2008 was also a year full of challenges for CLAAS. Even so, we were and remain the “Driving Force” in the important world markets for agricultural equipment.

Even with the global slowdown and the uncertainty of the market participants, the most important drivers of our business remain valid. One important factor is that the earth’s population keeps growing. Right now there are 6.7 billion people on the planet, and every second two or three more are born.

In addition, eating habits are changing, and the increase in demand for high-energy foods like meat is leading to a rise in demand for animal feed. The continued discussion surrounding the use of biomass as an energy source is another contributing factor.

As a consequence, the world’s grain supplies have dropped to a very low level. Grain prices reached record highs, especially in the first quarter of the past fiscal year. Since then, grain prices have stabilized at a somewhat lower level, but they are still significantly higher than in the past.

In this growth-oriented environment, CLAAS was once again able to prove its strengths. For the first time in history, the Company’s sales topped three billion euros, representing a 22 percent rise from the previous year. This means that CLAAS has grown by more than a third in the past two years. The Company’s strong net income reflects volume growth and the steady improvement of efficiency in the entire value-added process.

All of our business activities contributed to this growth, with harvesting technology production rates reflecting the strongest rise.

We are at home on fields around the world. Nearly 80 percent of our sales are generated outside of Germany. The trend in Europe was very robust, including in the new EU countries, and we recorded growth in nearly all markets. Once again, the CLAAS tractor series, along with the XERION large tractor, proved to be an effective complement to the product range for farmers and contractors.

Dr. Theo Freye
Spokesman of the Executive Board of CLAAS KGaA mbH

“Agricultural equipment is an industry with a promising future.”

The countries of Eastern Europe, including the Russian Federation, are growing at steady rates. As the first Western agricultural equipment company, CLAAS has opened a combine harvester factory in Southern Russia several years ago. During the fiscal year, tractors have also been assembled there for the first time. A separate sales subsidiary has now assumed responsibility for our sales activities in the Russian Federation.

Continuity is also the hallmark of our business in India. An event much noticed by political and economic leaders, the second CLAAS factory in India, located in Chandigarh, has started to produce combine harvesters. Our other Indian factory is located near New Delhi. Other Asian countries are also supplied with state-of-the-art agricultural equipment from the factories in India.

We supply the North American market from our combine harvester assembly facility in Omaha, Nebraska. Here, too, we recorded pleasing growth. The strong rise in demand for corn for ethanol production was a contributing factor.

Our response to growth and increasing internationalism is to offer sales structures that are precisely tailored to our customers‘ needs. In order to meet the requirements of our sales partners and importers even better in the future, newly established regional head offices will not only actively support sales, but will also create regionally focused teams for marketing, finance, training, service, and spare parts. The objective is to provide solutions that are customized to suit the individual countries.

Business was favorable outside of the agricultural equipment core business as well.

CLAAS Fertigungstechnik (CFT) segment substantially improved its earnings equipment from the previous year. This means the CFT Group, which is active in the aerospace and automotive sectors, is back on track again.

CLAAS Industrietechnik (CIT) performed favorably as well and significantly increased its segment sales. The growth was not only a result of the rise in demand for supplier parts and components within the CLAAS Group, but also reflects the significant expansion in the external supplier business.

The success of CLAAS is also illustrated by a number of medals and international awards. Among other things, we received two gold medals at the iF product design award for the design of the new generation of our JAGUAR forager and the new TUCANO combine harvester family. CLAAS Hungary won the prize for the best production in Eastern Europe in a Factory of the Year contest, and CLAAS was awarded the innovation prize of the German Association of Materials Management, Purchasing, and Logistics (BME) in November 2007. The CLAAS ARION tractor was selected as “Machine of the Year 2008,” and in the USA we received numerous awards from the American Society of Agricultural and Biological Engineers (ASABE) for our products and systems.

We owe sincere thanks to all CLAAS employees worldwide for their instrumental role in our success. Their above-average commitment and dedication are typical of family-owned companies. An employee survey conducted last year confirmed that the overwhelming majority of our employees strongly identifies with the values of our family-run company. “Enthusiasm for the better”, i.e. innovation, is at the top of the agenda.

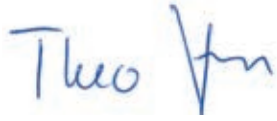
We would also like to thank our customers, suppliers, and sales and finance partners for their confidence and support in fiscal 2008.

Finally, we would like to thank our shareholders and the Supervisory Board committee for the highly constructive support and advice they provided.

CLAAS is looking into the future with renewed strength and with confidence. Agricultural equipment is an industry with a promising future. Once again, we have seen that in the fiscal year under review, as in the years before, we have made the right decisions. CLAAS is an independent company with a very solid basis. We consider the long-term drivers for demand in the agricultural equipment sector to be stable despite the turbulence in world markets.

The prospects for the coming fiscal year remain attractive. We will carefully analyze and evaluate the trends in the agricultural equipment sector and other markets and act – if necessary – with sound judgment.

Yours sincerely,



Dr. Theo Freye
Spokesman of the Executive Board of CLAAS KGaA mbH

Executive Board of the CLAAS Group

Thomas Klatt
Controlling

Dr. Hermann Garbers
Technology and Quality

Dr. Theo Freye
Marketing and Strategy
Spokesman of the Executive Board of CLAAS KGaA mbH

Ulrich Jochem
Tractors

Lothar Kriszun
Sales

Jan-Hendrik Mohr
Grain Harvest

Dr. Rolf Meuther
Forage Harvest

Bülent Ileri, Head of Transportation Logistics for the CLAAS Group ›

“Logistics means more than sending goods from point A to point B. It is essential to modern production.”

Bülent Ileri and his team ensure that the logistics chain runs smoothly at CLAAS. A number of different transportation and logistics processes have to mesh perfectly to make a functioning machine out of the individual components. For example, tires for combine harvesters come from suppliers by truck, while many headers are sent to Harsewinkel by rail from the CLAAS plant in Hungary. But Bülent Ileri’s job isn’t finished until the fully assembled machine has been delivered to the customer by road, rail, or sea.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CLAAS

The Soil

An Uncharted Universe beneath our Feet

Human life depends on the soil. Although we cannot eat it, drink it, or breathe it, without it we would not be able to stay alive. In this article, we'll take a close look at the soil as an essential resource. Follow us to three different agricultural sites around the world and see how CLAAS helps to make the most of our planet's precious soil.

Hardly any resource has shaped the language and culture of humanity in such a lasting way as the soil. Frequently referred to as Mother Earth, in many of the world's cultures the soil is seen as holy. We bury our dead in it, but also regard it as the source of fertility. Our lives depend on the soil beneath our feet. After all, it is the forests growing on the soil that produce oxygen for us to breathe. The soil is also home to corn fields that help feed cattle. Of course, grain is also a very important part of our daily diet. And where would we get grain without soil?

"Our lives depend on the soil beneath our feet."

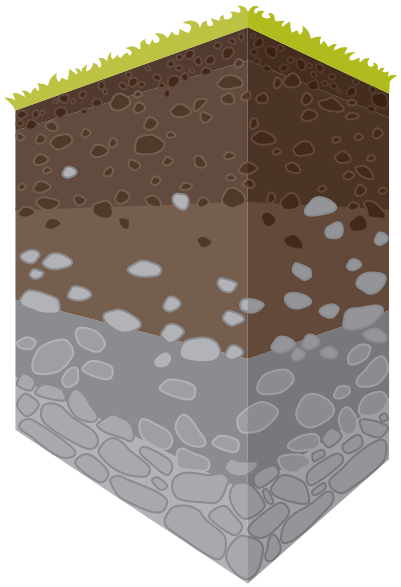
It's not insignificant that the Latin words "homo" ("man") and "humus" ("soil") share the same linguistic root. Similarly, the Hebrew words "adam" and "adama" stand for "man" and "soil." Although frequently many meters thick and hundreds of thousands of years old, the fertile soil can sometimes be just a few centimeters deep and no more than a few centuries old.

The hard lot of being a field

Günter Haase of Hinsdorf GbR farms over 10,000 hectares of land at the triangle of the cities Dessau, Köthen and Bitterfeld in Saxony-Anhalt, Eastern Germany. He regards his soil as "mostly loamy sand and black earth". In fact, it is the formidable remnant of an ice age that occurred about 200,000 years ago. That was when this dark and fertile soil came into existence. Today, it allows to grow more than 47,000 tons of sugar beet per year.

There are two agricultural landscapes in the fields farmed by Günter Haase: the Magdeburg plain and the Düben moorland. Viewed from below, the plain is a rich, black soil that extends all the way to Southern Russia; the moorland is what is referred to as loamy sand. On both of these areas, ten LEXION combines harvested up to 16 hours a day during the hot summer days of 2008.

About 150,000 years ago this area was still covered by a thick sheet of ice. Like a giant snowplow, the advancing ice cap shoved sediments in front of it, leaving them in the lowlands. When the ice melted, the debris remained in place as a memento of a bygone age. Water,



A Cross section of our Soil

Mulch: Largely organic parent material that has not yet decomposed and plant or crop remnants

Organic overlay horizon: Here, the decomposition of the mulch is more advanced

Humus-rich topsoil: Heavily interspersed with plant life and bacteria

Mineral subsoil horizon: Shaped by processes like decomposition, eluviations, and mass transfers

Mineral source material: Unweathered original bedrock

wind, and weather slowly ground it into fine particles, and the first plants gained a foothold, died off, grew anew, and died off again. Gradually, the first humus layers began to settle. Microorganisms were attracted, mixing the humus further. Organic matter multiplied exponentially over the millennia, supporting more and more life forms. If it were not for this continuous process, Günter Haase would not be able to cultivate the crops he harvests with combines featuring air-conditioned cabins, GPS controls, and mapping software.

Fertile soil is a highly fragile resource that took nature hundreds of thousands of years to develop. Careless treatment in the course of just a few years could do lasting damage that would require generations to repair. How well the next crop flourishes depends on how carefully the previous crop was harvested. Natural erosion is one of the key concerns for farmers. In dry periods, the wind may blow away the fertile top layer of soil from fields that remain defenseless as they are never fully covered by vegetation. Another crucial problem is soil compaction, which is currently seen on more than 330,000 square kilometers of European fields*. Farmer Haase has to make sure that his agricultural machines do not compact the soil. Oxygen, water, earthworms, and the roots of plants would not be able to find their way through compressed soil as hard as concrete.

This is why CLAAS develops acricultural machines that “think of the soil”. Harvesting as much as 60 tons of grain per hour, they still work so efficiently and gently that the field will provide the same 60 tons per hour the next year. After all, farmers know that careless treatment of fertile farmland is the road to ruin. Günter Haase describes it such: “Rich father, poor sons”. Using the right technology, this problem can be avoided. The CLAAS LEXION combine harvesters evenly map out their tracks on fields to the centimeter with GPS controls. Not a single patch is driven on twice. As a consequence, the earth does not have to groan repeatedly under the burden. This is good for the soil and good for fuel consumption, and it’s also good for farmers’ wallets. During the harvesting process, the on-board computer in a CLAAS combine harvester analyzes every square meter of the crop and adjusts the driving speed accordingly. That information can later be mapped by data chip or online transfer and used to pinpoint fertilizer. As a consequence, Günter Haase now saves a good 20 percent in fertilizer costs while at the same time preserving the soil.

Günter Haase
Farmer and Contractor
in Hinsdorf, Germany

“Rich father, poor sons”

Soil compaction and overfertilization are two problems affecting our soil. In order to ensure that coming generations can also farm their fields, agricultural machines have to treat surfaces carefully today. With modern technology, CLAAS machines help to lower the strain on soil and to reduce the use of fertilizer.

Just as there are many different kinds of landscape on this planet, there are countless types of soil, including red, brown, white, and black soil. Actually, more than half the life on this planet thrives in the soil. A block of earth with a surface area of one square meter and a depth of only 30 centimeters contains a myriad of living organisms, typically about 100 earthworms, 10,000 rotifers, 30,000 bristle worms, 50,000 springtails, 70,000 acarids, a million each of ciliates and threadworms, ten million rhizopods, 100 million flagellates and algae, 100 billion fungi, 10 trillion actinomycetes, and 100 trillion bacteria. To human eyes, this universe beneath the soil remains largely invisible. Most of these subterranean species have barely been studied. Only recently, English scientists discovered cyanobacteria in the middle of Africa. Normally known to grow on sea beds, this species of blue algae was found living in the sands of the Kalahari desert.

Terraces for young soil

The Omaha, Nebraska, region is an example of a fairly recent type of soil. On the banks of the Missouri river we find gentle hills covered with velvety yellow earth. In terms of soil age, it is considered to be very young at only 10,000 years. Its yellow color is due to the glaciers ›

* Source: National Geographic, September 2008

> “The history of the soil is proof that anything can be accomplished over time, with a lot of energy and under the right circumstances.”
>
> T. C. Truesdell, CLAAS, in Omaha, Nebraska

of the last ice age that left fine silicate particles behind. Heavy sandstorms then hurled loose material onto the yellow sediments. Particles from far-away tundras and arid arctic environments were piled up to form small hills in Nebraska. For T. C. Truesdell, Head of Marketing at the local CLAAS facility, the history of this soil is proof that “anything can be accomplished over time, with a lot of energy and under the right circumstances.”

The local subsoil is very fine, and hence susceptible to erosion and compaction. That’s why the farmers in Nebraska have created terraced fields where they use LEXION combine harvesters equipped with the TERRA TRAC System (called “Mobil-Trac System” in the USA) to avoid excessive pressure on the soil. The powerful belts and an optional all-wheel drive system ensure that the many tons of heavy machinery are able to climb every hill without creating deep ruts in the soil.

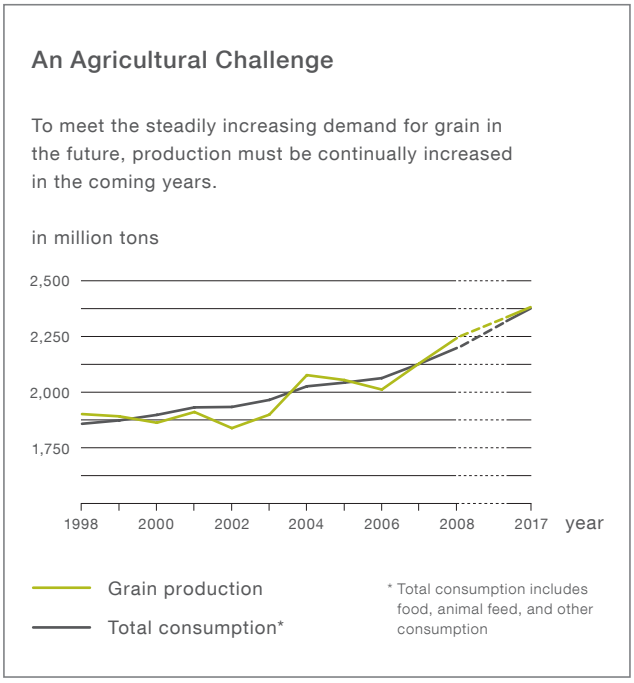
This way, agriculture appears just like a video game – but the technology helps maintain the natural capacity of the soil, a sensitive, but very intensely utilized resource. As a matter of fact, outdated and inappropriate technology has already wasted almost 20 million square kilometers of previously fertile land worldwide; an area about the size of the USA and Canada put together. In the Midwest alone, farmers are said to have lost 100 million dollars in sales as a result of soil compaction (National Geographic estimate).

Less money in the coffer of the farmers also means less food on the platter of men. For over a century, the amount of arable land steadily increased as a result of nearly unlimited availability of water and huge advances in productivity. Only recently, at around the turn of the 21st century, the growth in demand began to outpace the increase in arable land. The global population explosion is resulting in an unprecedented demand for food. In the past 50 years alone, the world’s population increased by 2.5 billion to over 6 billion people. This effect is amplified by growing prosperity in newly industrializing countries, where consumers now look to buy and consume higher quality food.

According to estimates by agricultural scientists at Humboldt University in Berlin, soil will have to be used more productively worldwide. Rising demand requires us to grow 30 percent more crops by 2020. But already today, agricultural productivity seems to be reaching its limits, with growth rates often hovering around one percent. Between 1960 and 1970, they were still more than four percent. In addition, the global climate change, among other things entailing more prolonged dry periods, is hitting some areas especially hard. On the other hand, in other areas of the world conditions are improving. As a whole, however, the climate is becoming more inponderable. According to studies conducted at Humboldt University, arable land can probably only be expanded to a limited degree. We may soon be looking for arable soil just as desperately as for oil.

Intelligent technology for sensitive soil

Newly identified arable soil can be found predominantly in parts of Russia and South America. And even inferior soils can deliver rewarding crops through the application



Source: FAO / OECD, 2008 (figures of 2008–2017 projected)

of intelligent technology. Today, arable land can be built on marshes or sand. Venado Tuerto, a small town in the heart of Argentina, gives us a good example of this type of soil.

In the area around Venado Tuerto, meaning “one-eyed red deer”, the agricultural contracting company Poliagro cultivates 15,000 hectares of pampa húmeda. This soil’s parent material was produced by strong west winds from the Andes, a high mountain range over 60 million years old. The more finely the granite from the mountains was ground, the wider the storms blew it over the South American continent. These granite deposits nourished a green grass steppe, leaving a dark brown and highly sensitive type of soil that today is cultivated by the inhabitants around this city some 300 km northwest of Buenos Aires.

The dark loess soil promises fertility, but it is highly sensitive, especially to the use of heavy technology. The problem lies in the high proportion of clay, which only allows rainwater to soak slowly into the soil and is prone to compaction. Intelligence and gentle technology have nevertheless made it possible to intensively farm soy, wheat, and corn here for the last 20 years. Direct seeding, for example, prevents damage to the topsoil. CLAAS XERION tractors are stealth-like as they move across the fields. Because all four wheels drive in separate tracks, the driving weight is optimally divided and no ruts are created. CLAAS engineers determined the perfect division of weight between the front and rear axles to be a ratio of 53 to 47 and then designed and constructed our machines with precisely this ratio.

A field near Venado Tuerto. Following the wheat harvest, soy beans were seeded directly without any interference with the soil. The remainders of the wheat plants cover the entire surface of the field, guarding it against erosion.

CLAAS has enhanced its combine harvesters and tractors for use in problem areas. Along those lines, the Argentinean agricultural contractor Poliagro is benefiting from the new TERRA TRAC chassis on its LEXION 600. The track unit carries the combine harvester over the “pampa húmeda” like a Mars surface vehicle. With it, Poliagro could work on sand as well as in marshland. According to a study conducted as part of a doctoral thesis, TERRA TRAC combine harvesters reduce compaction drastically.

Modern technology will make it possible to overcome the food shortage resulting from increasing demand. This is why scientists believe the boom in the agricultural sector will continue for the coming decades and beyond. CLAAS is helping to ensure that farmers and the soil both benefit from the fruits of this endeavor.

The Seed Green Generation

The Popfinger family from Gerolsbach, Bavaria, has made the transition from farming to contracting. They have found effective means to divide their workload and have learned to embrace technological change. CLAAS has been a part of their lives for 50 years.

The engine of the JAGUAR 950 starts up. A jolt runs through the machine, almost as if it were tensing muscles concealed beneath its metal skin. The driver steps on the gas and the forager moves across the field. Its rotating green cutting discs and feeding fingers dig in across a width of over seven meters. The CLAAS machine swiftly eats its way through the head-high corn stalks, devouring them whole. Its jaws grab ten rows at once, cut them off cleanly, and chop them into thousands of tiny pieces which are blown into the trailer driving next to the forager.

Peter Popfinger holds his hand up against his eyes to block out the glare of the sun. His sons Peter and Michael stand at his side in a corn field in the Hallertau region of Bavaria. The scent of diesel and corn blends in the air. There's a gentle breeze. The weather is dry and warm. It's one of those breathtakingly beautiful autumn days, a good day for the corn harvest. No rain means less impact on the soil and less dirt on the equipment and the roads. The forecasts say the weather will remain stable for another 48 hours. The Popfingers need to get all of the corn into the safety of the

Agricultural contractor Peter Popfinger with his sons Michael and Peter in a corn field in Hallertau, Bavaria.

dark and dry silo before the rain. It's not a very big window, but they've managed to do it in even shorter periods in the past.

This year, the Bavarian contractors have a ten-row header for their CLAAS forager, and they are using it today for the first time. Previously, eight rows were common, and twenty years ago only four. The advantage of the new technology is obvious: The harvesting process is both quicker and smoother. The wider machines create fewer wheel marks, and so the farmers are able to cultivate the field faster. "It's got a lot of power!" shouts Popfinger senior over the noise. His sons nod their heads. All three of them are satisfied.

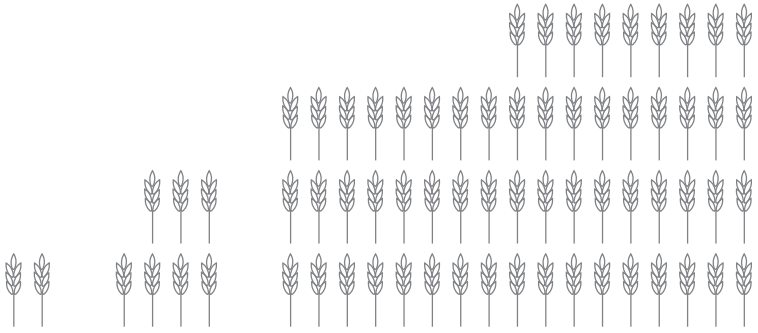
The family operation is based in Gerolsbach, a town with 3,000 inhabitants. As service providers who take on part or all of the grain or feed harvest for other agricultural operations, they have 500 customers in a 60-kilometer radius around Gerolsbach. They give their customers access to one or more of 18 combine harvesters and eight foragers, all of them CLAAS machines. The Popfingers' fleet has steadily grown in the past 50 years, and that is exactly how long they have been customers of CLAAS. A visit to their operation in Gerolsbach makes it clear how and why. Driving across fields and small stands of pine trees, the road takes you up a little hill. Together with two large barns and a workshop, the Popfingers' home forms the rectangular center of the estate.

The farm was first mentioned in a document in 1448. In those days, the only thing farmers had to work with aside from a couple of animals and simple tools was their bare hands. And the work was hard, the conditions austere. Today, 560 years later, these hands operate and maintain a state-of-the-art fleet of machines that even in the relatively short period of 30 years has been modernized several times. The history of the Popfingers reflects some of the radical changes that agriculture has experienced. It also demonstrates how two generations working side by side can successfully master these changes today.

Peter Popfinger is a sturdy fellow who packs a powerful punch. At the same time, he is friendly and relaxed, ›

Harvesting Efficiency Then and Now

Europe's first combine harvester, the CLAAS Mower-Thresher-Binder (MDB), harvested two tons of grain per hour in 1936. Seventeen years later, the CLAAS HERCULES, the first CLAAS self-propelled combine harvester in Europe, increased the hourly output to seven tons. Today, the LEXION 600 harvests more than eight times as much grain in the same time: about 60 tons in just an hour.



and says he is proud to be a Bavarian. He wears a grey overall with green stripes emblazoned with "World Team CLAAS." The head of a screwdriver sticks out of his breast pocket. The first autumn leaves crunch beneath his black work boots as he leads his guest through the facility and tells his story.

The story began in 1958 when his father-in-law and two neighbors bought the first combine harvester from CLAAS. A year later he started threshing for other neighbors as a contractor. In 1978, Peter Popfinger, from the town of Tödtenried 25 kilometers away, married into the business. A short time later he bought the second combine harvester. "Many farmers didn't replace their old combine harvesters from the 1960s," Popfinger explains. "Instead, they asked us to take over their harvest work." He didn't need any promotion. Word got out about the service he offered. Gradually, the farmer became a contractor, and in 1989 he also entered the corn foraging business. CLAAS has been there from the start, as "a good, reliable partner," says Popfinger.

A lot has changed in the past 30 years. The machines are now bigger and more powerful. Because they feature more electronic components, it is becoming easier to monitor and control them, and they are more effective than ever in supporting drivers in their tasks. "But you also have to understand more about these machines," Popfinger admits. Electronic components need explanation and they are costly and sensitive. If a sensor fails, you have to know how to repair it. Specialists like the Popfingers are in high demand.

With increasing specialization, customers' expectations are also rising. Time pressure has also increased in recent years as harvest periods are getting shorter and shorter. Peter Popfinger first looks up to the blue sky and then points in the direction of the horizon. "A lot has changed," he says quietly. He knows that this is not common view – but he believes in it. One thing is for sure, nowadays there is less and less time to harvest corn, grain, and grasses. Among other things, this is because grain is now traded in quality grades. Every day that the grain stays on the field beyond the optimum harvesting date can lead to lower lab values, and with big fields that can cost a lot of money. In addition, the climate is causing more burdens than ever. State-of-the-art machines like foragers with ten-row heads help counter the pressure.

When the weather is right, the Popfingers' phone rings off the hook. Many customers are looking for help at the same time. "It then becomes a question of nerves. After all, you don't want to turn anyone down," says

"Many operations didn't replace their old combine harvesters from the 1960s. Instead they asked us to take over their harvest work." Peter Popfinger, agricultural contractor

Popfinger. Even 20, 30 years ago, the harvest time was always strenuous, but it was rarely hectic. When things get stressful these days, Popfinger's many years of experience pay off, as does the confidence he has come to place in his customers. He negotiates, hires subcontractors and workers, coordinates and organizes the processes, and keeps everything under control. So this farmer has become a farming manager of sorts. He's rarely on the field, hardly drives the machines any more, and he regrets it. "I do miss the air, the work, and the feeling of being out there."

But he can't do it all alone. A team approach is necessary even within the family. This is precisely one of the Popfingers' biggest strengths. While the father manages and organizes, sons Peter and Michael take care of the workshop or are out on the customers' farms to oversee the work, drive the machines themselves, or train drivers. Mrs. Popfinger is in charge of bookkeeping. The family is a perfect team. They are a good model for the near and distant future. The sons will probably take over the business together at some point. They are gradually preparing for that.

Peter Popfinger junior is 26 years old and, like his brother, a master in agricultural machinery mechanics. He is also more or less the unofficial boss of the workshop. A radio plays in the background. There is a five-meter-long workbench above which dozens of wrenches are hanging. Black V-belts hang near the ceiling like a colony of bats. Spare parts are on the floor. This morning, Peter cleaned a forager and got it ready for the corn harvest. "We do all repairs not covered by the warranty ourselves," he explains from under his black baseball cap marked with the words "CLAAS Bayern". It means plenty of work, and there is little time left for hobbies. "Of course we do manage to go skiing in the winter," he adds after some moments of consideration.

Back to the corn harvest, back to the field. Brother Michael, 23, is in his element here. He's wearing an AC / DC T-shirt under his overall. Is he a fan? Michael smiles to duck an answer. He's been up since 5:30 in the morning and has given the driver tips and techniques for handling the ten-row forager. The work day will last until 9:30 at night. He's used to that, takes it in stride. "It means my girlfriend has to be pretty patient," he says.

His brother and father join him on the field. The three of them watch the forager as it makes its way to the next field. Popfinger senior remembers using foragers with single-row headers in the 1970s. "A pair of nail scissors would have done the job just about as well." The sons laugh. The three of them make a good impression. They seem to be ready for the next 30 years.

Michael and Peter Popfinger discuss the use of a JAGUAR forager.

Peter Popfinger junior in the family workshop. He is a master agricultural machinery mechanic.

+++ Telegrams from ... +++

Short and personal messages from around the world give you an idea of the diversity of CLAAS. In their telegrams, CLAAS employees report from five CLAAS facilities in Argentina, Russia, Hungary, the United Kingdom and the USA. See what they have to say about their lives and experiences and get a first-hand understanding of their local markets and what it means to work for CLAAS abroad.

+++ United Kingdom • Colin Arnold • 25 • Agricultural Machinery Engineer specializing in Marketing and Management • Sales and Marketing trainee, CLAAS UK • With CLAAS since 2007 +++

+++ "2008 UK harvest very challenging – wettest summer since the start of recordings in 1929 • Customer expectations for reliable, high-performance machinery higher than ever – fast service also desired to minimize downtime • CLAAS UK known for its broad product range and outstanding service. Customers range from farmers to large-scale agricultural operations • Impeccable reputation as an employer – many employees are working here since over 20 years. Attracting young people through university partnerships – but becoming difficult to attract young service engineers. Wages not particularly high and very long hours during harvest season • TUCANO very successful in 2008 • My work placement in New Zealand excellent. Worked six months at a CLAAS dealer – discovered a completely different form of agriculture." +++

+++ Hungary • Bernd Hoffmann • 39 • Toolmaker, Bachelor of Engineering (with honors), Bachelor of Mechanical Engineering, MBA in Industrial Management (with distinction) • Vice President of CLAAS Hungaria Kft. (CLH) • With CLAAS since 2004 +++

+++ "Customers expect reliability, availability, innovation, longevity – keeping us in close contact with customers, organizing factory visits, guided tours, and field tests at customer sites • CLH largest employer in region • Increasing demand for combine harvesters with wider headers • Harvest exceptionally good in Hungary • Weather conditions here extreme – from -30 °C in winter to +43 °C in summer • Pleased with strong identification among CLAAS employees and entrepreneurial freedom to develop and expand CLAAS Hungaria Kft. Also exciting to play a part in Hungary's development as new EU member • Miss good infrastructure in Germany (roads, trains, and airports), and wish euro were used as currency here • Company's biggest successes included first prize in Factory of the Year competition under 'Outstanding Production in Eastern Europe.' Also received 2007 CLAAS Manufacturing Excellence Award." +++

+++ USA • Maury Salz • 51 • Professional Engineer and Manager • President, CLAAS Omaha Inc. • With CLAAS since 2001 +++

+++ "Harvest good, but not record-breaking. Rise in agricultural product prices meant good profits for farmers • Temporary shortage of factory parts due to logistical problems caused by floods in Iowa. Pressure intense from market for delivery, but up and running after lots of hard work. Results: few delays and good quality • North American folks who know CLAAS often stay with CLAAS due to performance, quality and people • Last year best ever for LEXION and JAGUAR machine sales • Discussion of making gasoline from biomass instead of grain important, due to grain's value as food source. Many Americans changing travel habits due to high gas prices • After seven years developing and perfecting, CLAAS Omaha was able to take full advantage of production capabilities for first time this year. Planning to expand product volume in coming year." +++

+++ Russia • Tatiana Baturkina • 23 • Head of Customer Care and Assistant of the General Manager CLAAS Krasnodar • With CLAAS since 2006 +++

+++ "CLAAS already means quality in Russia. We arrange for product presentation in appealing, skillful manner • Technoparc customer center opening a great success this year • CLAAS one of most popular employers in Krasnodar – many want to work for the Company • Six to eight tons per hectare harvested in our region this season • A good year for CLAAS plant in Krasnodar – making me very happy • Most successful product the TUCANO combine harvester • Russian market has many prospects, making it special in comparison to other countries • Fascinated by agricultural equipment, as products important part of everyday life. All eat daily bread without wondering about its source." +++

+++ Argentina • Stephan Vormbrock • 32 • Bachelor of Business Administration (BA) • Head of Finance and Administration at CLAAS Argentina S.A. • With CLAAS since 1996 +++

+++ "2008 good year overall. Expanded market position again and implemented SAP • Biggest challenge: four-month conflict between Argentinean government and agricultural sector over intended increase of soy export taxes • Market demanding: machines must run well for over 1,000 hours per year. Harvesting local grain types a high-wear process. Climatic conditions extreme and distances long • Most successful product the Lexion 570 as full version and C-version • CLAAS Argentina means reliability, trustworthiness, and first-rate after-sales service • Employee fluctuation extremely low • Also at CLAAS Argentina, the "blood meanwhile is seed green!" • Our family likes it down here • Openness of Argentineans intoxicating, especially their boundless enthusiasm for kids." +++

Growing Together

Before CLAAS acquired tractor manufacturer Renault Agriculture, the two companies differed in their mentalities, working methods, corporate cultures, and last but not least in their languages. Today, they form a powerful team for the future with a product range that has been thoroughly updated.

Cabs with tinted glass move across the factory floor like stranded cable cars. Nimble hands install new components, then the cabs move on. At the tractor factory in Le Mans, France, workers record and inspect the individual work processes, occasionally correcting irregularities. Finally, one tractor cab after the other exits the production line to be placed atop a powerful engine and head-high tires. Parts of the cabs are painted in the signature CLAAS seed green color. The cabs are the result of a four-year process of integration involving two companies that could hardly have been more different. Separated by national borders, two languages, and different corporate cultures and mentalities, they finally came together in the CLAAS family. Renault Agriculture S.A.S. became CLAAS Tractor S.A.S., and a French subsidiary became an independent division in the CLAAS portfolio.

Yann Derennes still remembers the day when the first tractor jointly developed with CLAAS rolled off the assembly line in Le Mans after more than eight decades of purely Renault production. The Frenchman briskly walks along the green pedestrian pathways in the factory hall, calling out a friendly “Bonjour” to the workers and shaking hands as he passes by. He seems to know everyone here.

He’s been working in the tractor production sector for more than 16 years. Before that he was in the automotive business. His three-day stubble has grown white in the meantime, but his blue eyes are youthful and bright. He speaks with the charm and verve typical of the French, his hands tracing each of his sentences for emphasis. “That was the first prototype of the AXION that we developed together,” recalls Derennes looking over the top of his glasses. It’s as if he can see the past written in the air above him. “It was back in 2005. All of the sudden it was finished. Everybody in the factory stopped for a moment. We looked at each other in silence. Then someone said: ‘Made by CLAAS in France.’”

Of course plenty more has happened since then between Le Mans and Harsewinkel. CLAAS made substantial investments in product improvement, the modernization of production facilities, and employee qualification. The AXOS, ARION, and AXION are the result of these efforts. Everyone in Le Mans could see what was happening, says Yann Derennes. “As a national tractor maker, we suddenly had a big partner. It made us more robust and self-confident, and it also raised our standards.” So Le Mans got better. At the time of the acquisition, the French had already been a

"We've become more robust and self-confident, and we've also raised our standards. So we've gotten better."

Yann Derennes, CLAAS employee at the Le Mans plant

sales partner of CLAAS for many years and were building fourteen tractors a day.

Among other things, the rise in production is a result of the many new ideas generated by the meeting of French creativity with German pragmatism. Not seldom, by the way, next to an espresso machine in the factory at Le Mans. "I always liked that," says Mathias Westerbarkei, who was in charge of Controlling at CLAAS from 2004 to 2007. "The colleagues have a coffee after lunch. They stand around the espresso machine and often even discuss business there." These informal chats have resulted in many a good idea.

For Westerbarkei, who holds a graduate degree in Business Administration, French has been a favorite subject during his schooldays. So he had the vocabulary. But wherever language and communication are involved there is room for misunderstanding. This is true at CLAAS too, even though a special tractor production dictionary has been compiled with more than 10,000 terms ranging from special screws to engine hoods. Even at Renault, one of the foremost priorities was always to find a common language with colleagues. There are countless other subjects with complex terms that had to be understood between the two companies, including accounting procedures, reporting standards, methodologies for preparing financial statements, and various aspects of budgets, financial reporting, legal procedures, internal auditing, insurance, and taxes.

A Brief Chronology

With the CLAAS Tractor S.A.S. division, CLAAS offers its customers the entire range of agricultural machinery. CLAAS had already acquired a majority stake of 51 percent of the former tractor division of Renault in April 2003 and focused its efforts on upgrading products, modernizing production facilities, and developing employees. CLAAS acquired another 29 percent in Renault Agriculture S.A.S. in 2006 and the remaining 20 percent in 2008.

This is why personal contacts had been important for Westerbarkei from the very beginning. In the six months after the acquisition, the French and the Germans travelled to their respective countries every second week to continuously confirm that CLAAS and Renault wanted to grow together and had no intention to cut jobs. For all departments, teams with both French and German members were set up, and each team was led by a representative of both nations. When critical issues had to be resolved, decisions were made by a committee consisting of members from top management at both companies. There were daily telephone conferences with the teams to discuss scheduling and tasks. For our colleagues in France, this was a new concept. French companies tend to have stricter hierarchies. CLAAS had to take care to include local management in decision-making processes. "Otherwise this integration would not have been a success story," says Westerbarkei.

The success story has just begun. The first chapters have been written. Others will follow. "We're now able to offer a comprehensive product family to the agricultural sector: self-propelled harvesters, tractors as traction engine, and the related forage harvesting machinery attachments," says Westerbarkei. In the future, CLAAS will be able to supply farmers, contractors, and large-scale agribusinesses with all of their equipment needs and consequently strengthen their brand loyalty. The first sales figures demonstrate how well things are going. Renault's market share for tractors in Germany was 0.8 percent. Today, the market share for CLAAS tractors is already almost ten times as high.

A look at the inside of the new tractor cabs demonstrates how much more potential the French-German company has. Because they are very similar to the interior of CLAAS combine harvesters in design and ergonomics, every CLAAS customer will feel at home in a CLAAS tractor cab, and the control panels will seem familiar. At the factory in Le Mans, the production line for the cabs was completely replaced for this purpose. Frédéric Eragne was responsible for the conversion ›

Frédéric Eragne
Employee at the CLAAS plant in Le Mans, France

“Our market used to be small and local. Today it’s the whole world.”

In Germany alone, CLAAS Tractor S.A.S. has increased its market share ten times since 2003. One of the reasons for this success is that as an independent division of the strong agricultural equipment brand CLAAS, the French plant is far better equipped to serve the international market. And CLAAS, in turn, is now able to offer a comprehensive product family to the agricultural sector.

in the factory. Being only 29 years old, he is a symbol for the new era that has dawned at Le Mans. “Our orientation will be completely different in the future. Our market used to be small and local. Today it’s the whole world,” says Eragne.

“Quality and technology define our every action.”

He sees the stronger focus on technology and quality as the most pronounced change since the takeover by the German partner. “These two factors define our every action,” he says. Control points are integrated within the production lines in order to test the preceding production steps. The investment expenditures were immense. In addition, more than 300 new employees were hired, 30 percent of them women. The existing employees were further educated, and today every employee can install any engine in any chassis.

In the meantime, Frédéric Eragne is already taking care of the next challenge: logistics. Every week, 65 trucks from suppliers arrive at the plant. “As part of the CLAAS Group, we can have access to other opportunities for optimization and can also take advantage of synergies,” explains Eragne.

Of course, a few sacrosanct traditions remained intact during the integration process. Lunch, for example, represents the communications highlight of the day in France, and group meals with colleagues take time. “But this doesn’t mean nothing gets done,” says Holger Krumel, Head of CLAAS Corporate Development. “Our French colleagues like to discuss business also over meals.” The CLAAS-ians have had to get used to this rhythm. “I schedule my meetings in the afternoons in France and keep lunch open for cultivating contacts and initiating dialog,” explains Krumel, who has a model of the largest tractor developed by CLAAS to date in his office. “In the past few years, we’ve been very effective in our efforts to integrate tractors in the CLAAS product program and merge the two companies with each other,” he says. Of course some differences in culture still remain.

Be that as it may, for the Frenchman Philippe Catherine, who is in charge of process engineering at Le Mans, the future is “green,” among other things because CLAAS trusts the expertise which the French accumulated by building well over 700,000 tractors. Synergies repeatedly arise. The modernization of the production facility in Le Mans will continue. This process is expected to be completed within a few years. When asked what the most important criteria are in this connection, Catherine raises three fingers and smiles. “There are always three criteria: higher quality, higher quantity, and lower costs.”

The plan is to keep increasing output significantly. New models will be introduced as well. Everyone agrees that rising demand will have to be met in the future.

CLAAS Facts

The price of the grain processed into a loaf of bread represents only **3.6** percent of the final product price.

The first in series produced German combine harvester – the CLAAS MDB of 1936 – had an output of **1.5** to **2.5** tons per hour. The LEXION 600 can process **60** tons or more in the same time.

The first CLAAS patent, issued in **1921**, was a yarn brake with a cutting device for straw balers. August Claas invented the legendary CLAAS knotter hook in **1923**.

In the past **87** years, CLAAS filed nearly **5,000** patents – an average of one per week.

Worldwide, CLAAS trains an average of **7,000** participants in the CLAAS ACADEMY each year to service customers in more than **100** countries.

CLAAS has had a company magazine since 1942. It used to be called “Der Knoter” (The Knotter). Today, it’s called “CLAAS Intern”. There have already been over **250** issues with a total of more than **10,000** pages. Since 2003, it has been published in French as well, and since 2008, it appears in **3** languages (German, English and French).

The paint shop at the CLAAS main plant in Harsewinkel has already used enough seed green paint to cover a strip of **3** meters width reaching from there to the factory in Le Mans, France.

The energy from a hectare of corn can supply **5** households with power for an entire year. The JAGUAR 980 harvests a hectare of corn in about **10** minutes.

Larissa Belova, Group Controlling ›

“Capital spending plays a crucial role in the future of a company. So we always take a very close look at our investments.”

When the CLAAS Group needs to make capital investments, Larissa Belova rolls up her sleeves. She is responsible for analyzing and assessing the cost-effectiveness of investment projects at CLAAS facilities throughout the world. In addition, she oversees financial decisions at CLAAS Fertigungstechnik, Brötje-Automation, CLAAS Automation, and the Russian production company CLAAS Krasnodar.

The past fiscal year was favorable for most agricultural operations around the world, for the agricultural equipment market, and for the family-owned company CLAAS.

Group Management Report

Group Management Report

Industry Trends

The global market for agricultural equipment made notable gains in fiscal 2008. Harvest volumes reached historical highs at prices over the average for the past several years. This had a positive impact on demand for agricultural equipment, which rose markedly. Growth trends differed in the various regions. Western European markets as well as the growth markets of Central and Eastern Europe made significant progress. The trend in North America varied considerably among the individual product groups, and the South American markets registered very strong growth. In India, the market remained nearly stable at a high level overall.

In Western Europe, the agricultural machinery market made significant gains on the whole. Stimulated by above-average harvests and a favorable economic climate, demand for harvesting machinery increased sharply, while the tractor market showed moderate growth. Demand was fueled by farming and the dairy industry, whereas processing operations held back orders.

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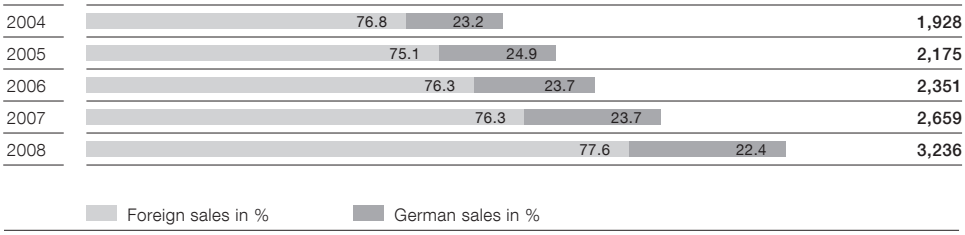
Central European markets again saw significant growth. Institutional parameters in most of the new EU countries provided farmers with increased planning reliability. Combined with the good revenue situation, this led to high demand for agricultural equipment in Central Europe.

In Eastern Europe, growth in the agricultural machinery markets continued. Increasing harvest yields and overall lower harvesting losses resulted in large harvest volumes. The capital bases of agricultural operations improved thanks to export opportunities – which were good despite a certain amount of regulation – and the rise in domestic food processing. This enabled an increase in capital expenditure for modern agricultural equipment.

In North America, the agricultural equipment market was shaped by various factors in fiscal 2008. Demand for harvesting machinery and large tractors increased substantially due to the good revenue situation of farmers, which was driven in part by

Sales per Year

in € million



high demand for bioethanol products. Farmers' buying power was supported by passage of the new farm bill without any significant changes. However, the market for small tractors, which is significant in the USA, was not able to escape the effects of the real estate and financial markets crisis.

The South American market continued the trend toward recovery of the previous year, with market growth accelerating even faster. Massive exports of corn and soy from Brazil and Argentina in combination with high prices led to a major expansion in production and increased demand for agricultural equipment.

In India, the market remained nearly stable. As in past years, the good monsoon season secured crop yields for the Indian agricultural industry. Moreover, increased demand for labor in non-agricultural areas led to growing demand for the mechanization of harvesting processes, which supported the market for harvesting machinery. The sales situation in the agricultural equipment sector was affected by various factors. The tractor market in particular suffered from a withdrawal of government subsidies, increasing interest rates and restraint on the part of banks in granting new loans. By contrast, a wave of debt write-offs improved the finance situation of farmers.

Financial Performance

Sales

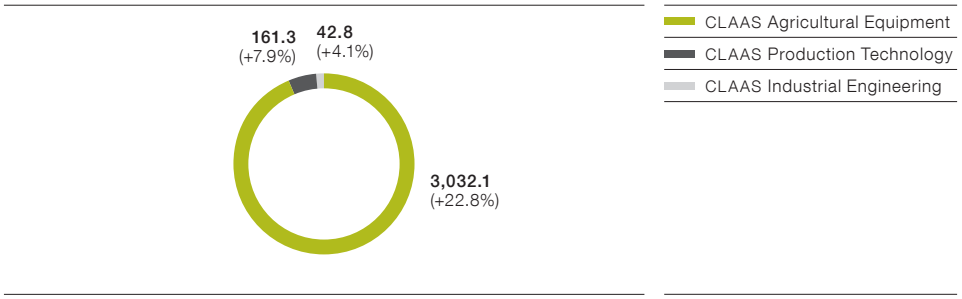
Sales of the CLAAS Group increase by 21.7%

CLAAS has succeeded in continuing on a profitable growth course. Net sales amounted to €3,236.2 million in fiscal 2008, an increase of 21.7% over the previous year. The growth in sales resulted primarily from the positive trend in the Agricultural Equipment segment. The Production Technology and Industrial Engineering segments saw moderate growth.

In fiscal 2008, the CLAAS Group's share of foreign business in total sales increased slightly over the previous year from 76.3% to 77.6%.

Sales by Business Segment

in € million



Renewed strong sales growth in Agricultural Equipment

The increase in global demand for agricultural machinery had a positive effect on the sales trend in this segment. We generated significant sales growth thanks to our excellent positioning in international growth regions and high level of market penetration in our core markets. However, sales growth varied significantly in the different regional markets. On the whole, Agricultural Equipment sales again surpassed the previous year's level by a wide margin, climbing from €2,468.2 million to €3,032.1 million, an increase of €563.9 million or 22.8%.

Upward sales trend in all Agricultural Equipment product groups

Performance of our harvesting machinery business was very encouraging. In particular, the combine harvester product group made strong sales gains. Combine harvesters in the medium to high performance range made the greatest contribution to growth, which allowed this product group to maintain its strong market position.

The tractor business expanded on its position as the second-strongest product group. The business was shaped by series production start-ups and the launch of the high-volume AXOS model, which we expect to be a major source of growth. All in all, CLAAS has increased its market share in tractors.

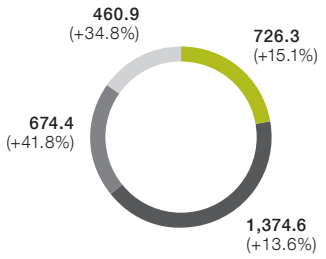
The forager product group also posted encouraging results, having benefited from the introduction of the new JAGUAR 900 series in fiscal 2008. High demand in this area allowed CLAAS to solidify its position as global market leader.

Forage harvesting machinery and balers likewise registered significant sales growth in the year under review. CLAAS improved its market position in both of these product groups.

Sales of spare parts and accessory components also contributed to revenue, along with the service business and the used machinery business.

Sales by Region

in € million



Agricultural Equipment segment expands sales in all regions

CLAAS again achieved sales growth in all regions in the Agricultural Equipment segment. The segment maintained or expanded its market position in most regions.

In Western Europe, the most important agricultural equipment market for CLAAS, sales rose 14.9% to €1,970.9 million, mainly based on sales of self-propelled harvesting machinery and tractors.

In Germany, CLAAS continued its good performance of the previous year. Agricultural Equipment sales increased 17.2%, primarily due to business in combine harvesters, forage harvest machinery and tractors. In France, CLAAS' largest agricultural equipment market in Europe, sales continued to increase, driven by the combine harvester and tractor businesses. In the United Kingdom, CLAAS achieved growth in all product groups. Sales of combine harvesters and foragers were particularly strong. On the Iberian peninsula, the sales trend was positive in a growing overall market. In Scandinavia, CLAAS continued the encouraging trend of recent years. Growth in Sweden and Finland in the area of harvesting equipment was particularly strong. Italy and Belgium also made major sales contributions.

Sales in the agricultural equipment markets of Central Europe increased significantly over the prior-year level, with Poland and Hungary again posting particularly strong figures. The Czech Republic, Bulgaria, and the Baltic countries also increased sales.

Eastern European markets experienced substantial growth, and CLAAS participated accordingly. The upward trend of previous years continued in fiscal 2008, with Russia and Ukraine registering considerable sales increases.

Outside of Europe, Agricultural Equipment sales surged by 35.5%. Sales in the USA – CLAAS' biggest market outside of Europe – were up significantly over the previous year's level. Increased sales of combine harvesters and foragers made a substantial contribution to this growth. Major sales growth was also achieved in Argentina and Australia.

Income Structure

	2008		2007	
	€ million	in %	€ million	in %
Net sales	3,236.2	100.0	2,658.9	100.0
Gross profit on sales	770.8	23.8	641.2	24.1
Operating income	278.0	8.6	180.5	6.8
Financial result	-29.9	-0.9	-4.7	-0.2
Income before taxes	248.1	7.7	175.8	6.6
Net income	**169.3**	**5.2**	**114.8**	**4.3**

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Performance in the Production Technology and Industrial Engineering segments
After having experienced a sales decline in the previous year, the Production Technology segment increased sales by 7.9% to €161.3 million in the year under review. However, the situation in the European aviation and automotive industries is still plagued by uncertainty, with wide-sweeping changes occurring in the aviation sector. Weak order inflow during fiscal 2007 had a curbing effect on the sales trend in fiscal 2008.

In the Industrial Engineering segment, CLAAS succeeded in moderately expanding sales with third parties by 4.1%, from €41.2 million to €42.8 million, in the year under review. The principal buyers of CLAAS Industrial Engineering products are customers in the agricultural equipment and municipal technology sectors. As a system supplier for drive technology and hydraulics, CLAAS' Industrial Engineering segment also plays an important role in the areas of technology and innovation within the CLAAS Group. This is demonstrated by the high growth in intragroup sales between the Industrial Engineering and Agricultural Equipment segments.

Earnings

Income before taxes of the CLAAS Group increases by 41.1%
CLAAS generated very good results in the past fiscal year. Gross profit on sales rose by €129.6 million in fiscal 2008 to €770.8 million, primarily as a result of organic sales growth of 21.7% to €577.3 million. The gross profit margin of 23.8% was somewhat under the level of the previous year (24.1%). Operating income of the CLAAS Group rose by €97.5 million, or 54.0%, to €278.0 million, with the operating margin increasing from 6.8% to 8.6%. Income before taxes of the CLAAS Group increased by €72.3 million, or 41.1%, to €248.1 million. The Group's net income rose even more

Expense Structure by Functional Cost

	2008		2007	
	€ million	in %	€ million	in %
Net sales	3,236.2	100.0	2,658.9	100.0
Cost of sales	2,465.4	76.2	2,017.8	75.9
Selling expenses	282.2	8.7	274.9	10.3
General and administrative expenses	92.4	2.9	82.6	3.1
Research and development expenses	105.5	3.3	102.8	3.9

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than pretax earnings, increasing 47.5% from €114.8 million to €169.3 million. The reason for the rise in net income was the reduction in the tax rate from 34.7% in fiscal 2007 to 31.7% in fiscal 2008 due to German corporate tax reform. In the following, we will take a look at Group earnings, including an analysis by segment.

Analysis of earnings performance

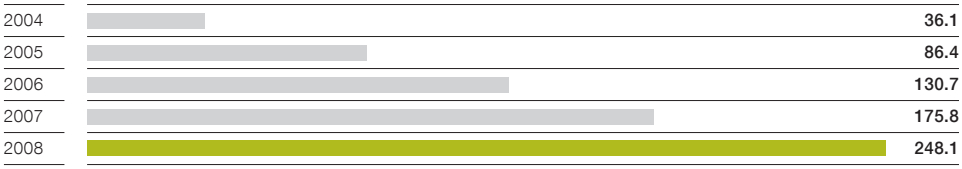
The good earnings performance of the CLAAS Group was shaped by the Agricultural Equipment segment. Gross profit on sales in this segment again increased significantly over the previous year, primarily due to sales increases across all product groups. The gross profit margin, however, declined slightly. The tense situation in procurement markets – which was evidenced in some cases by partial or delayed deliveries from suppliers – along with increased material and freight costs, put pressure on margins in the Agricultural Equipment segment. Nonetheless, in fiscal 2008 CLAAS succeeded in compensating for these factors mainly by volume-driven economies of scale and the good product mix.

In the Production Technology segment, significant earnings recovery was seen in the past fiscal year, which, combined with increased sales, resulted in an improvement in the gross profit margin. The successful implementation of restructuring measures and the improved order situation, accompanied by higher capacity utilization, contributed to this improvement. Due to the persistently difficult environment in the aviation and automotive industries, we recognized additional impairment losses on assets.

In the Industrial Engineering segment, gross profit increased in the year under review despite sustained price pressure in the supplier business and significantly higher materials costs. The improvement was due to higher volumes and higher margins.

Income before Taxes

in € million



Operating income of the CLAAS Group rose by €97.5 million to €278.0 million. In addition to the improvement in gross profit, the increase resulted from efficiency increases in the sales and administration functions, where above all, structural improvements related to the substantial expansion of business in the Agricultural Equipment segment had a positive impact. This resulted in another improvement in cost structures: The ratio of sales and general and administrative expenses to total sales declined from 13.4% to 11.6%. In order to meet the demands of our ambitious development program, we again increased research and development expenditure, which rose 3.8% to €113.8 million in the year under review. Research and development expenses after capitalizing development costs and offsetting amortization increased 2.6% to €105.5 million (previous year: €102.8 million). The capitalization rate of 26.2% was slightly under the level of the previous year (28.1%). Other operating expenses, net of other operating income, increased from €0.3 million in fiscal 2007 to €12.8 million. This figure includes goodwill impairment totaling €18.0 million (previous year: €18.2 million). The impairment losses were recognized in the Production Technology segment mainly due to the circumstances described above. Most of the increase in other operating expenses was attributable to the 2008 collective agreement on part-time retirement. The new agreement, which cannot be terminated until the end of 2016, replaces the previous legal provisions, which expire in 2009.

The financial result is comprised of “income from investments,” “interest and similar expenses, net,” and “other financial result.” These items are stated separately in the income statement. The financial result declined by €25.2 million to €-29.9 million (previous year: €-4.7 million). “Interest and similar expenses, net” increased by €2.6 million due to higher investment yields. The other financial result decreased by €26.2 million mainly due to significant losses from currency translation. After a successful year in 2007 in terms of hedging, currency translation results in 2008 suffered from higher-than-expected revenues in the United Kingdom and the dollar region based on unusual market growth. The resulting revenues had to be translated at lower rates outside of the existing hedging program. As a result of the central hedging system applied at CLAAS, the effects of this sales revenue increase were recognized as currency translation losses. Income from investments fell by €1.6 million to €3.7 million, primarily as a result of lower earnings contributions from our sales financing companies, which are accounted for using the equity method.

Consolidated Statement of Cash Flows

	2008		2007	
	€ million	in %	€ million	in %
Net cash provided by operating activities	339.4	58.3	264.8	51.8
Net cash used for investing activities	-178.2	-30.6	-54.3	-10.6
Net cash used for financing activities	-87.7	-15.1	-4.1	-0.8
Net change in cash and cash equivalents	73.5	12.6	206.4	40.4
Effect of foreign exchange rate changes on cash and cash equivalents	-3.2	-0.5	-2.5	-0.5
Cash and cash equivalents at beginning of year	511.3	87.9	307.4	60.1
Cash and cash equivalents at end of year	581.6	100.0	511.3	100.0

The improvement in operating income led to a significant rise in income before taxes of €72.3 million to €248.1 million, representing an increase of 41.1%.

The Group's net income rose even more than pretax earnings, increasing 47.5% from €114.8 million to €169.3 million due to the significant reduction in the Group tax rate. The tax rate of 31.7% was somewhat over the Group's theoretical tax rate of 29.0%.

Cash Position

Cash Flows

High cash flows – strong internal financing power
Cash flow in accordance with DVFA / SG clearly surpassed the previous year once again in fiscal 2008, rising 21.0% from €236.3 million in the previous year to €285.9 million as a result of the increase in net income.

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Net cash provided by operating activities increased by €74.6 million over the previous year to €339.4 million. The upward trend was primarily due to the rise in cash flow in accordance with DVFA / SG.

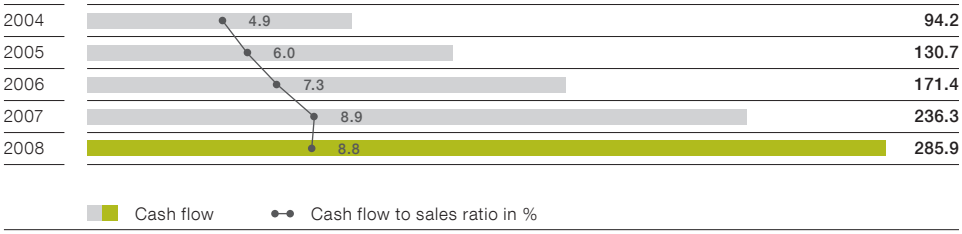
Net cash used for investing activities increased from €54.3 million in fiscal 2007 to €178.2 million in the year under review. This sharp increase was mainly the result of payments for intangible assets and property, plant and equipment in the amount of €86.7 million and net payments for the purchase of securities in the amount of €61.2 million.

The positive balance of net cash provided by operating activities and net cash used for investing activities reflects the high cash generating potential of CLAAS and expresses the Group's strong internal financing power.

Net cash used for financing activities rose from €4.1 million to €87.7 million. The increase of €83.6 million resulted from the repayment of financial liabilities and dividend payments to the shareholders of CLAAS KGaA mbH.

Cash Flow (DVFA / SG)

in € million



The ratio of cash flow (DVFA / SG) to sales was 8.8% in 2008, down slightly from last year's level of 8.9%.

Liquidity and Financing

Liquidity position and finance structure remain solid

As of the balance sheet date, liquid assets (cash and cash equivalents plus securities classified as current assets) had risen 19.8% to €716.2 million, up from €597.9 million in fiscal 2007. The good earnings situation was one of the chief factors leading to the increase.

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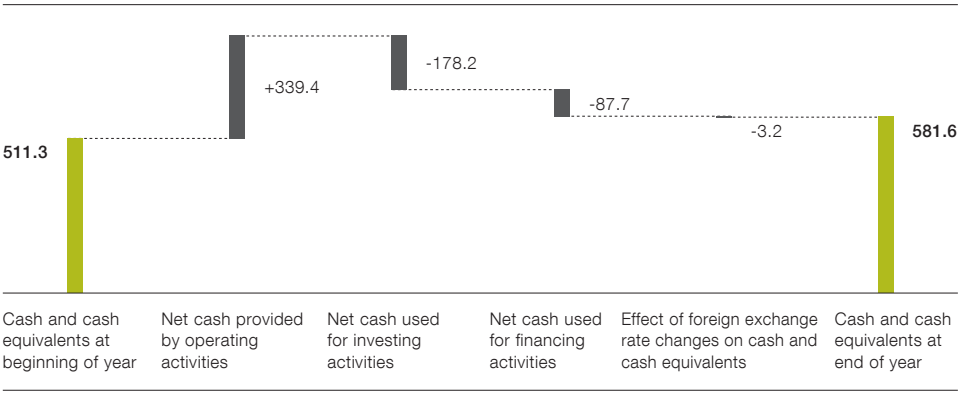
Due to the seasonal nature of sales in the agricultural equipment industry, substantial financing is needed to fund working capital during the course of the year. By contrast, at the end of the fiscal year the low level of capital commitments from working capital generally leads to high liquidity levels. In order to reduce seasonally related liquidity fluctuations, CLAAS uses asset-backed securities (ABS) programs to transfer trade receivables to special purpose entities on a revolving basis. In fiscal 2008, the maximum volume of receivables transferred amounted to €230.7 million (previous year: €251.0 million). The transfer volume was €105.7 million as of the balance sheet date (previous year: €127.8 million).

The solid liquidity position of CLAAS at the end of the fiscal year is also reflected in the cash ratio (liquid assets in relation to current liabilities). At the end of fiscal 2008, this figure was 90.8% – slightly below the previous year's very good level of 94.9%. The quick ratio, which depicts current monetary assets in relation to current liabilities, was at a high level – 141.6% – as of September 30, 2008, though it did not reach the previous year's figure of 148.6%. The reason for the decrease in these two liquidity ratios was the disproportionate rise in current liabilities as a consequence of the sales-related increase in provisions for obligations arising from sales contracts and the earnings-related increase in tax provisions.

Consolidated Statement of Cash Flows

in € million



As of the reporting date, financing commitments received by the CLAAS Group totaled €706.4 million (previous year: €718.5 million). The decrease is attributable to both scheduled and early loan repayments and, to a lesser extent, valuation effects. As can be seen in the breakdown in the notes to the financial statements, financing commitments also include a bond in the amount of 200.0 million US dollars placed privately in December 2002. The bond has a coupon of 5.76% and a term of up to twelve years. In addition, a new multicurrency loan facility (syndicated loan) amounting to €250.0 million with an original term of five years was established in July 2005. In July 2007, the term of the loan was extended by another four years, i.e., until 2014.

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Along with these financing commitments, we reinforced our capital base by issuing subordinated perpetual securities in the amount of €80 million in October 2004. This equity instrument has a coupon of 7.62%.

Financial Position

Good financial ratios and comfortable liquidity position

Continually expanding business volumes led to an increase in total assets of 14.0% to €2,023.9 million in fiscal 2008. This resulted in a change in financial ratios, which are described in detail in the following.

On the assets side, non-current assets increased by €29.5 million to €522.8 million in 2008. The ratio of non-current assets to total assets declined to 25.8% in fiscal 2008 (previous year: 27.8%). The additions to non-current assets totaling €122.3 million (previous year: €113.0 million) were partly offset by disposals at a residual carrying amount of €6.5 million (previous year: €18.2 million).

Balance Sheet Structure

	30.09.2008		30.09.2007	
	€ million	in %	€ million	in %
Non-current assets	522.8	25.8	493.3	27.8
Current assets	1,501.1	74.2	1,282.7	72.2
Total assets	**2,023.9**	**100.0**	**1,776.0**	**100.0**
Equity	731.0	36.1	604.4	34.0
Non-current liabilities	503.8	24.9	541.4	30.5
Current liabilities	789.1	39.0	630.2	35.5
Total equity and liabilities	**2,023.9**	**100.0**	**1,776.0**	**100.0**

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Additions to intangible fixed assets amounted to €34.4 million (previous year: €42.6 million) and amortization on intangible fixed assets totaled €51.1 million (previous year: €48.0 million). The carrying amount of intangible assets declined by €14.7 million to €126.6 million. The major portion of capital expenditure for intangible assets related to development costs recognized as an asset. Property, plant and equipment increased by 9.1% over the previous year to €281.0 million, primarily due to additions to technical equipment and machinery of €80.7 million as well as to payments on account and assets under construction. Depreciation in the year under review amounted to €52.0 million compared to €54.2 million in the previous year. Disposals at the residual carrying amount declined to €3.7 million (previous year: €5.9 million). The carrying amount of equity-accounted investments increased from €31.1 million to €34.4 million, mainly as a result of earnings contributions from these investments. Disposals at residual carrying amounts resulted primarily from dividends collected. Other investments remained nearly unchanged at €1.4 million. Deferred tax assets, classified as non-current assets, increased by €13.4 million to €27.9 million. Other non-current receivables and financial assets registered growth of €3.1 million to €37.9 million.

Current assets rose by 17.0% to €1,501.1 million, thus increasing even more than total assets. As a result, the ratio of current assets to total assets increased slightly from 72.2% to 74.2%.

Inventories increased by 15.0% to €394.6 million. The rise in inventories was less than the expansion of business volume, for which reason the average inventory turnover declined significantly from 12.8% to 11.4%. This is a very good level within the industry.

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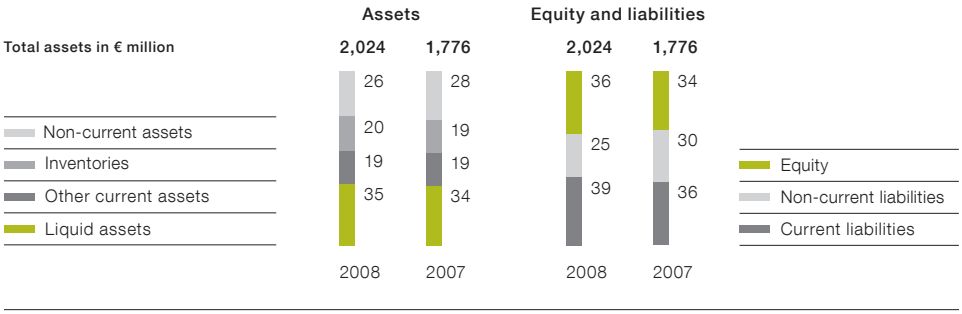
Trade receivables increased from €199.0 million to €233.2 million in 2008. Due to the disproportionate rise in sales in the past fiscal year, receivables turnover (the ratio of the average balance of trade receivables to sales) decreased again from 7.3% to 6.7%. Days sales outstanding (DSO) declined from 43 days in fiscal 2007 to 36 days in fiscal 2008 after adjustment for ABS.

Balance Sheet Structure

in %



Liquid assets, which are composed of cash and cash equivalents plus securities classified as current assets, rose from €597.9 million in the previous year to €716.2 million, largely driven by the good earnings situation. The ratio of liquid assets to total assets increased to 35.4% (previous year: 33.7%).

Solid cover ratios, equity-to-assets ratio rises to 36.1%

On the equity and liabilities side, equity increased 20.9% to €731.0 million thanks to our good business performance. As a result, the equity-to-assets ratio improved visibly from 34.0% to 36.1% in fiscal 2008. The equity base continued to be reinforced solely via internal financing.

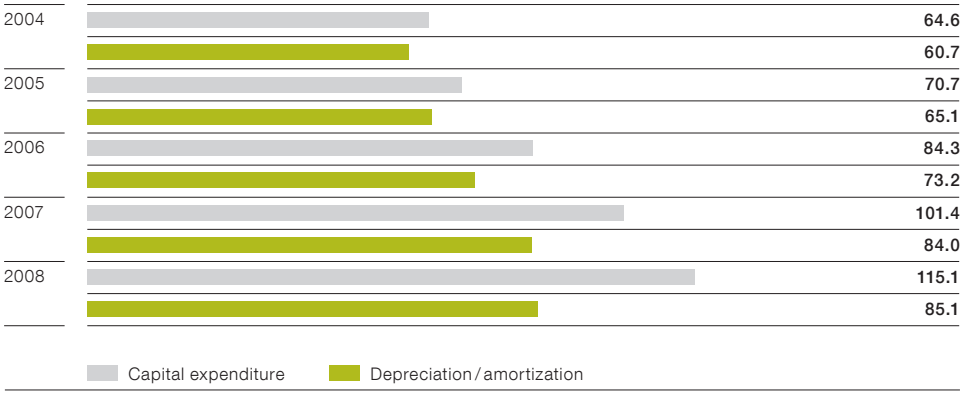
Non-current liabilities declined pronouncedly from €541.4 million to €503.8 million, a decrease of 6.9%. The reason for the decrease was above all the sharp decline of €50.2 million in non-current financial liabilities to €199.7 million, which occurred primarily due to early acquisition of the remaining 20% of the shares in CLAAS Tractor S.A.S., Vélizy, France (formerly: RENAULT Agriculture S.A.S.). The outstanding liability arising from the present ownership interest in the company was retired in this connection. A slight offsetting effect resulted from the moderate increase in provisions and in the silent partnership held by CLAAS Mitarbeiterbeteiligungs-Gesellschaft mbH (CMG), an employee participation company.

Current liabilities increased significantly, from €630.2 million to €789.1 million, essentially due to the sales-related increase in provisions for obligations arising from sales and the earnings-related increase in tax provisions. In addition, trade payables increased as a result of the expansion of business volume.

CLAAS continues to report very sound cover ratios: The cover ratio for non-current assets, which depicts the ratio of equity and non-current liabilities to non-current assets, increased again in fiscal 2008, rising to 236.2% compared to 232.3% in the prior year. The ratio of equity and non-current liabilities to the sum of non-current assets and 50% of inventories remained at a very high level, declining only marginally from 172.3% to 171.5%.

Capital Expenditure and Depreciation / Amortization

in € million



Capital Expenditure

Capital expenditure for the 2008 reporting year totaled €122.3 million, up 8.3% over the previous year's figure of €113.0 million. Investments in property, plant and equipment and intangible assets excluding goodwill reached €115.1 million, significantly exceeding both the previous year's level of €101.4 million and the corresponding depreciation and amortization, as in prior years.

Capital expenditure for intangible assets amounted to €34.4 million and was mainly attributable to development costs recognized as an asset. Development activities were directed in particular toward modernizing and expanding our product ranges of combine harvesters and foragers.

Moreover, significant additions to intangible assets related to the rollout of the Group-wide SAP R / 3 system, which is now basically completed. The above measures will lead to synergy effects across the Group.

In 2008, capital expenditure for property, plant and equipment focused on measures to modernize and make structural improvements to our global production network. Capital expenditure for product-specific tools and special assemblies, particularly in Industrial Engineering, remained steady at a high level. Investments were also made in expanding the product range and upgrading models.

Considerable funds were also expended for establishing a production facility near the city of Morinda (Chandigarh) in northern India. A new production building including a modern paint shop and an administration building were erected on a plot of land acquired in the previous year. This facility ensures production in accordance with CLAAS standards of the newly developed CROP TIGER 60 combine harvester, which has been adapted to meet local crop conditions. In addition, a substantial part of capital expenditure enabled the expansion of capacities in the area of spare parts at the Hamm, Germany location.

CLAAS continued to increase its presence in Eastern Europe in fiscal 2008, investing in the establishment of a CLAAS customer center at its production facilities in Krasnodar, Russia. Furthermore, investments were made in optimizing production and logistics at the Bad Saulgau location in Germany in order to meet increasing market demand. Substantial funds were also directed at expanding assembly facilities in Törökszentmiklos, Hungary, and in Le Mans, France. In the distribution area, we expanded our global network of sales representatives.

In regional terms, capital expenditure focused on Western Europe, as in previous years, although capital expenditure in Asia saw significant growth.

Including development costs recognized as an asset, the ratio of capital expenditure to sales was 3.6% (previous year: 3.8%). The investments were financed in full by operating cash flows.

For further information, please visit our Web site www.claas.com › Homepage Group › Press › Press releases

Andreas Szakácsi-Engels, Head of Preassembly / Surface Treatment Center at CSE ›

“CLAAS has one of Europe’s most advanced surface treatment centers outside of the automotive industry.”

Function, form and color are three words that perhaps best summarize the responsibilities of Andreas Szakácsi-Engels. Together with his team, the professional engineer is in charge of the production of seed green CLAAS machines at the Company’s state-of-the-art facilities. His job is to see to it that production is cost-effective and in line with the quality standards expected of CLAAS. Flexibility is a decisive factor in the manufacturing process because production and customer requirements are changing at an increasingly rapid pace.

Research and Development Costs*
in € million

* before capitalized and amortized development costs

Research and Development

Innovations drive growth

Research and development costs before capitalization and amortization of development costs increased 3.8% in the 2008 reporting year, from €109.6 million to €113.8 million. The ratio of research and development costs to total sales declined from 4.1% to 3.5% due to the disproportionate growth in sales. In fiscal 2008, 67 patent applications were filed (previous year: 82).

Our intensive research and development work in fiscal 2008 resulted primarily in the following:

For further information, please visit our Web site www.claas.com › Select country site › Products

- Combine harvesters – The modern TUCANO series was expanded with the TUCANO MONTANA 4, to meet the needs of the important Italian steep slope segment. The high-volume LEXION 580 model was enhanced to include a business package including yield monitoring and TELEMATICS as requested by customers. The range of TERRA TRAC running gears for the LEXION 570 has been expanded to include a 890mm wide running belt, used in rice harvesting for example.

- Self-propelled forage harvesters – The 900 series was rounded out by adding new models: the JAGUAR 930 (412 HP) and the JAGUAR 940 (453 HP). The implementation of TELEMATICS into the 900 series offers additional options for machine optimization and documentation. The new JAGUAR 810 was designed especially for the conditions prevalent in the Eastern European markets and was developed on the basis of the 800 series. A high degree of reliability is guaranteed by the mature technology of the components used. This machine is interesting for companies focusing on the green harvest area, from an economic standpoint.

- Tractors – The biggest new product launch in fiscal 2008 was the introduction of the AXOS in the 100 HP and below performance segment. Following the successful launch of both the AXION and ARION product series in previous years, the AXOS will revamp and expand our tractor product portfolio. The AXOS was designed above all for hybrid farming operations and part-time farmers. In addition to an optimum 50 / 50 weight distribution between front and rear axle and a long wheelbase, the machine's simple operation and maintenance contribute to its suitability for this target group. The tractors are offered in three versions with five different drive configurations to cover performance ranges between 75 and 102 HP. Our new, redesigned range of front-end loaders is now available for all series of tractors. In the future, it will be possible to steer the large XERION tractor in the field via GPS using the "cruising gear" which supplements "standard steering." The driver has the possibility of driving the XERION on alternate tracks with the aid of GPS. This applies to all of CLAAS' GPS variants (Baseline, Omnistar HP, RTK).

- Forage harvesting machinery – Trailed disc mowers with a central drawbar are now also available for forage harvesting machinery. The DISCO 3100 TC / TRC model and the DISCO 3500 product type are available with tine or roller conditioners. Both models now offer the ACTIVE FLOAT mower suspension system familiar to customers from our other series. The DISCO 3500 C Contour is the largest conditioner mower in the market. The new rear mower – equipped with central hitching – has been designed to cover wide areas. For alfalfa harvesting, CLAAS offers the front or rear-mounted DISCO 3100 FRC Profil and the DISCO 3100 RC Contour with roller conditioner. The DISCO 8400 / 9100 Contour models can be driven as front-mounted combinations attached to tractors of 140 HP or higher with a working width of up to 8.90 meters. The DISCO 8600 / 9300 C Duo large-scale mowers with conditioner can be driven either as front-mounted combinations or attached to a reverse drive cab and offer a new type of comfort operation. Other new features include the 3-point VOLTO models 58 and 77 with a small rotor diameter and the new LINER 750 Twin, 1650 Twin, and 1750 Twin side dischargers with a new rotor drive and PROFIX tine arm bracket.

- AGROCOM – Current price trends in the agricultural industry mean that farming operations have to manage their costs carefully. Forward-looking farming operations in particular demand the high precision offered by automatic steering systems to achieve optimum surface management. For this reason, we sell RTK-supported steering systems for the German market and during fiscal 2008 began establishing an RTK wireless network in Germany. The mature, three-dimensional CAM PILOT camera technology remains among the high-end solutions in the automatic steering system market. Development during the past business year focused on enhancing ISOBUS capability of the terminal (in accordance with ISO Standard 11783) and optimizing operator ergonomics. The CROP-Meter, an online sensor that is front-mounted on tractors and self-propelled equipment, has become an established feature in crop cultivation. Savings potential is approximately 15% in the area of nitrogen fertilization and around 20% for fungicide applications, based on several years of field trials.

Purchasing

“Growing together – creating value. Using value sourcing for sustained, profitable growth.” In fiscal 2008, we applied this motto in expanding numerous purchasing initiatives as well as our supplier relationships. Our overall value sourcing strategy includes the proFIT organization to support cooperation and combine competencies and a selection of powerful tools for implementing our master purchasing strategy. The whole CLAAS purchasing system is geared toward building up long-term supplier relationships in order to ensure our technological leadership and profitable growth on a lasting basis.

Our supplier integration initiative combines all methods and procedures for integrating development and supply partners into our value-engineering, value-added, and logistics chain. We have succeeded in implementing various value analysis projects and, together with our suppliers, achieved significant cost reductions in this area.

CLAAS Purchasing System

In the area of supplier relationship management, we carried out system-supported CLAAS supplier evaluations for 70 strategic suppliers. The results were discussed with the suppliers, and measures for optimizing performance were decided on jointly.

Suppliers and business partners can obtain information on purchasing at CLAAS via CLAAS Supplier.Net. This new collaboration platform is a secure area where information and documents can be exchanged with different departments.

To reinforce our international supplier network, we used the best cost country sourcing process to uncover additional potential in production volumes of the CLAAS Group. This process allowed us to continue increasing volumes in Eastern Europe and Asia and to further increase purchases in the North American dollar region.

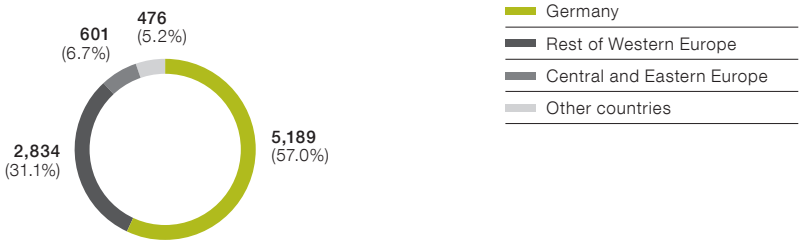
After having been awarded the renowned Innovation Prize of the German Association for Materials Management, Purchasing and Logistics (BME) and the German Logistics Prize from the German Logistics Association in fiscal 2007, CLAAS won the 2008 Win-Win Cup from the Association of German Engineers (VDI) in fiscal 2008. These awards honor CLAAS for its high level of cooperation between the different divisions and departments of the Group and its suppliers, successful implementation of the value sourcing approach, and the implementation of various projects in the area of purchasing.

For further information, please visit our Web site www.claas.com › Homepage Group › Purchasing › CLAAS Supplier.Net

Human Resources

As a family-owned company, CLAAS values long-term thinking and action as well as a high level of commitment on the part of our employees. This positive outlook acts to further our relations with one another both at the Company and outside of work. Personnel policy at CLAAS is therefore geared toward promoting continuity and identification with the Company.

Employees by Region



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Our long-term personnel policy rewards us with confident employees and forms the basis for stable jobs and professional development opportunities. As of the September 30, 2008 reporting date, the CLAAS Group employed a total of 9,100 individuals worldwide, of which approximately 40% were outside of Germany. This gives the corporate culture of CLAAS an international flavor.

The CLAAS Group has traditionally placed high value on vocational training. This is evident when regarding the ratio of trainees to full-time equivalents at CLAAS in Germany, for example, which at 7.8% is significantly above the industry average. For many years, the Company has been training young people in Germany at a recognized high level in more than 20 technical and business professions and as part of the German “dual study” system. CLAAS also makes an important contribution to securing the future of the Company by promoting management talent from within our own ranks in France, Russia, Hungary, the United Kingdom, the USA, and India.

For further information, please visit our Web site www.claas.com ›Homepage Group ›Jobs & Career

Another building block of our systematic personnel development approach consists of international trainee programs offered in Germany, the USA, Russia, India, Hungary, and France. As a firm part of CLAAS’ junior staff advancement program, the international trainee programs are aimed at training potential management executives and creating long-term ties between them and the Company. Foreign assignments underline the international character of the programs and promote an understanding of different cultures. Our trainee programs thus make an important contribution to furthering international integration and a global approach on the part of CLAAS employees.

We promote our corporate culture by making use of selective employee advancement programs that are aimed at filling the majority of open management positions – both nationally and internationally – from within the Company. We also focus our efforts on supporting college students and acquiring qualified graduates. For this reason, all CLAAS companies maintain intensive contact with numerous colleges and universities and have established partnerships with many of them.

CLAAS supports the development of individual employees with an extensive program offering. Topics relevant to Company strategy are identified and jointly discussed in Group-wide programs. Expert knowledge is conveyed through cooperation with selected institutions, colleges and universities. Although the programs are geared toward the needs of management executives, they are also available to experts and employees without personnel responsibility who wish to improve their qualifications. Important topics include teamwork and project management.

Risk Management

Risk Management System

As a globally active corporate group, CLAAS is subject to various types of risk. Acting entrepreneurially means deliberately taking risks in order to take advantage of the related opportunities. The goal of opportunity and risk management at CLAAS is to take on appropriate, controllable risks and to deal with them in a responsible manner. This involves identifying existing risks as early as possible, limiting the effects of these risks, and avoiding any threat to the continued existence of the Company.

In the CLAAS Group, a uniform, Group-wide, systematic risk management system is an integral part of corporate management and control. This serves to take advantage of opportunities, identify possible risks, and ensure optimum handling of risk positions. The risk management system utilizes a wide variety of information for ongoing identification, evaluation, and control of risks. The existing system, which undergoes ongoing development, fulfills statutory early warning requirements.

The Group's reporting system represents an essential element in our continuous monitoring of economic risks. In addition to the external data supplied, detailed internal reports and evaluations are provided to decision makers on a monthly basis. Budgets are monitored for deviations, earnings projections for feasibility, and any new monetary or non-monetary risks are identified and dealt with on an ongoing basis. The risk management system functions within existing organizational structures and is accounted for and supported by the operating and administrative areas of responsibility. In addition to the regular information provided, the obligation to prepare ad hoc risk reports ensures prompt management action at all times. The internal auditing department is responsible for monitoring the adequacy of the risk management system and conformity with regulations.

Risk Exposure

Industry and company-specific risk

In addition to intense competitive pressure and continuing consolidation trends, the risk landscape of CLAAS as a globally positioned enterprise is affected by extreme variations in harvest yields due to climate conditions as well as decisions on agricultural policies that affect the business. Risks and opportunities are managed centrally by monitoring and evaluating market-related indicators in conjunction with the risks of specific countries.

Along with controlled risk taking, acting entrepreneurially also involves dealing in depth with all risks along the value-added chain. Due to faster innovation cycles, research and development activities are critical in ensuring that innovative and technically mature products are developed and launched on the market for the benefit of customers.

On the procurement side, risks are minimized by constantly observing the relevant markets and by drafting contracts and taking other measures with the goal of ensuring supplier commitment to CLAAS for as long as possible.

In the production facilities, all equipment is serviced regularly and any sources of risk are eliminated by modifying the equipment in order to reduce the risk of production down time (e.g., due to fire or technical defects). Flexible working time models ensure that the required human resources are always available, even during peak periods. In order to reduce quality risks, CLAAS has entrusted a central quality management department with the task of establishing quality assurance strategies and coordinating standards with the operating divisions.

Markets and certain early warning indicators are carefully observed on an ongoing basis in order to identify any fluctuations in demand or changing buying behavior in our sales markets at an early stage. This ensures that product strategies are updated and adapted to meet changed customer requirements and to react to competitors.

Financial risk

Financial risks and currency risks are countered by employing hedging instruments as well as regular, intense monitoring of a set of early warning indicators. Credit risks that could result from payment default or delayed payments are minimized through effective receivables management, close cooperation with banks, and credit insurance. CLAAS was prepared for the type of risk ensuing from the financial crisis, where counterparty and refinancing risk were in the foreground. We have been managing our investment and derivative positions based on counterparty limits for years. Our financial liabilities have specified minimum durations, which ensures that refinancing measures can always be prepared on a long-term basis in return for accepting short-term interest rate disadvantages. For information on the disclosure requirements for risk management with respect to the use of financial instruments as codified in IFRS 7 and Section 315 (2) of the German Commercial Code, please refer to the notes to the consolidated financial statements (note 34: Financial Risk Management and note 35: Derivative Financial Instruments and Hedge Accounting).

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IT risk
IT management at CLAAS allows our systems as well as our security strategies and concepts to be effectively and continuously adapted and coordinated to reflect current requirements and developments. Our IT strategy is characterized by uniform, Group-wide, standardized, and clear IT structures.

Legal risk
Our decisions are based on intense legal consultation in order to counter any risks that could arise from the various provisions and statutes regarding taxes, competition laws, patents, and tort law. Selected risks are transferred to insurance companies where this makes economic sense. We continued our international insurance program aimed at achieving optimum risk protection and creating Group-wide uniformity and transparency by means of global master policies and national framework agreements. The possibility of premium increases in the insurance market is countered by a number of pro-active measures.

Assessment of the overall risk position of the CLAAS Group
An analysis of the individual risks currently discernable has not identified any risks that – singly or in combination with other risks – could jeopardize the continued existence of the CLAAS Group during or beyond the period under review.

Outlook for 2009

Global grain production reached a historical high in 2008 for the second year in a row. Grain consumption also reached record levels. For this reason, the situation with respect to grain inventories remains tight. Grain stocks are still in short supply with prices remaining over the average for past years. We expect demand for agricultural commodities for food and renewable energies to continue rising. These conditions are creating further production incentives in the agricultural industry. Farming activities are expanding, with fallow land being reactivated and pasture land being converted to agricultural crop land in some cases. Crop prices are expected to remain above the average of the past several years, for which reason the revenue situation for farmers continues to look encouraging. However, rising input costs (fertilizer, consumables, feed, etc.) are having an impact on farmers. On the whole, however, our customers will see a largely favorable economic environment. As a result, the agricultural equipment markets will remain at a comparatively high level in 2009, though we do expect to see regional differentiation.

In Western Europe, agricultural production is stable and continues without any notable interruptions. After having seen sharp declines, crop prices – while still above the average of the past several years – have reached a level that is slightly softening investor sentiment. The high level of the agricultural equipment markets in Western Europe will not be able to be fully maintained.

In Central Europe, good harvest trends continue to support investments in harvesting equipment. The tractor market will remain more or less stable. The individual markets can be expected to experience varied performance depending on the status of EU integration.

Demand from the Eastern European agricultural industry will remain robust in the future. Investments in agricultural machinery will continue to be driven by expansion and intensification of agricultural production.

In North America, the situation is currently good based on high farmer revenues and income, with no significant disadvantages expected from the new Farm Bill. This situation will be beneficial for the agricultural equipment market. Nonetheless, increasing volatility in the agricultural markets, rising input costs, and the real estate and financial markets crisis could have a negative impact on the market for agricultural equipment. The latter factor could affect tractors in the lower performance ranges in particular.

In South America, the agricultural equipment sector enjoys a good foundation based on stable agricultural production in combination with current world market prices. Due to current circumstances, we will closely watch the trend in Argentina.

In India, the trend toward increasing crop mechanization continues uninterrupted, aided by rising demand for food along with worker migration from the agricultural industry to other areas of the economy. The tractor market is expected to stabilize after the decline of last year.

We are expecting our business trend to continue developing positively in fiscal 2009, supported in particular by the combine harvester and tractor product groups. We likewise foresee ongoing growth for our other product groups. Regional demand will be driven above all by our market activities in Central and Eastern Europe as well as in the USA and India. We also expect our activities in the traditional Western European markets to perform well.

We continue to place high priority on our efforts to increase efficiency and optimize cost structures. Our expectations are that costs will rise slower than revenue, particularly in the sales and administrative areas.

Despite our generally positive assessment of our future business trend, some risks remain. We carefully monitor and analyze these risks. The overall economic situation has worsened over the past few months. Current expectations are that the crisis in the financial markets, which has been ongoing for some time now, will noticeably affect the economy worldwide. Impacts on our business activities cannot be ruled out. On the procurement side, risk still remains due to the tendency of rising costs for input materials, particularly energy, steel, and other commodities, even though price pressure is currently letting up somewhat given the general economic slowdown. We will take appropriate measures to mitigate these risks in order to compensate for any negative impact on earnings wherever possible.

On the whole, we expect a stable trend for both sales and earnings in fiscal 2009.

Dr. Manuel Alvarez von Zerboni, Head of Group Accounting ›

“Reliable financial reporting is one of the highest priorities for our Company.”

As a man of numbers with a PhD in Business Administration and Accounting, Dr. Alvarez keeps an eye on more than 50 CLAAS subsidiaries worldwide. Together with his team, he defines practical guidelines for accounting in accordance with International Financial Reporting Standards (IFRS), processes the financial statements of the companies included in the consolidated financial statements, and on that basis prepares the external financial reporting of the CLAAS Group in accordance with IFRS.

CLAAS is looking into the future with renewed strength and confidence.

Consolidated Financial Statements

Consolidated Income Statement

for the fiscal year ended September 30, 2008

in € '000		2008	2007
Net sales	(9)	3,236,218	2,658,919
Cost of sales	(10)	2,465,437	2,017,756
Gross profit on sales		**770,781**	**641,163**
Selling expenses	(11)	282,185	274,942
General and administrative expenses	(12)	92,365	82,616
Research and development expenses	(18)	105,477	102,821
Other operating income	(13)	47,020	46,806
Other operating expenses	(14)	59,825	47,086
Operating income		**277,949**	**180,504**
Income from investments accounted for using the equity method		3,244	4,688
Income from other investments		486	702
Interest and similar expenses, net		-10,589	-13,220
Other financial result		-23,021	3,133
Financial result	(15)	**-29,880**	**-4,697**
Income before taxes		**248,069**	**175,807**
Income taxes	(16)	78,732	60,987
Net income		**169,337**	**114,820**
thereof			
Net income attributable to the shareholders of CLAAS KGaA mbH		168,025	114,844
Minority interests		1,312	-24

in €		2008	2007
Earnings per share	(17)	56.01	38.28

Consolidated Balance Sheet

as of September 30, 2008

in € '000		Sept. 30, 2008	Sept. 30, 2007
Assets			
Intangible assets	(18)	126,616	141,347
Property, plant and equipment	(19)	280,981	257,585
Investments accounted for using the equity method	(20)	34,430	31,070
Other investments	(20)	1,392	1,278
Deferred tax assets	(16)	27,877	14,460
Non-current tax assets		13,548	12,785
Other non-current receivables and financial assets	(21)	37,938	34,759
Total non-current assets		**522,782**	**493,284**
Inventories	(22)	394,594	343,042
Trade receivables	(21)	233,210	199,015
Current tax assets		7,072	4,477
Other current receivables and financial assets	(21)	149,983	138,204
Securities	(23)	134,569	86,608
Cash and cash equivalents	(24)	581,640	511,333
Total current assets		**1,501,068**	**1,282,679**
Total assets		**2,023,850**	**1,775,963**
Equity and liabilities			
Subscribed capital		78,000	78,000
Capital reserves		38,347	38,347
Other reserves		532,221	406,462
Subordinated perpetual securities		78,616	78,616
Equity before minority interests		**727,184**	**601,425**
Minority interests		3,810	2,992
Total equity	(25)	**730,994**	**604,417**
Non-current financial liabilities	(26)	199,678	249,874
Silent partnership	(26)	23,762	22,204
Deferred tax liabilities	(16)	849	522
Non-current tax liabilities		-	184
Other non-current liabilities	(27)	62,693	68,031
Pension provisions	(28)	166,588	163,037
Other non-current provisions	(29)	50,216	37,497
Total non-current liabilities		**503,786**	**541,349**
Current financial liabilities	(26)	65,950	74,396
Trade payables	(27)	156,729	119,519
Current tax liabilities		3,382	751
Other current liabilities	(27)	128,468	114,656
Income tax provisions	(29)	54,822	29,429
Other current provisions	(29)	379,719	291,446
Total current liabilities		**789,070**	**630,197**
Total equity and liabilities		**2,023,850**	**1,775,963**

Consolidated Statement of Cash Flows

for the fiscal year ended September 30, 2008

in € '000	2008	2007
Net income	**169,337**	**114,820**
Amortization of intangible assets and depreciation of property, plant and equipment	103,142	101,858
Impairment of investments	90	-
Change in pension provisions	3,624	4,967
Change in other non-current provisions	12,725	-1,282
Deferred tax income / expenses	-12,134	6,478
Other non-cash income / expenses	9,111	9,424
Cash flow in accordance with DVFA / SG	**285,895**	**236,265**
Change in current provisions	115,634	47,242
Loss / gain from the disposal of intangible assets and property, plant and equipment	476	319
Change in inventories, receivables and other assets	-120,640	-33,991
Change in trade payables and other liabilities	58,016	14,996
Net cash provided by operating activities (I)	**339,381**	**264,831**
Payments for additions to intangible assets and property, plant and equipment (net of development costs recognized as an asset)	-86,722	-69,988
Additions to development costs recognized as an asset	-29,799	-30,775
Proceeds from the disposal of intangible assets and property, plant and equipment	3,302	5,764
Payments for additions to investments	-3,716	-4,383
Proceeds from the disposal of investments	49	-
Payments for additions to borrowings	-192	-178
Proceeds from repayment of borrowings	30	102
Payments for the purchase of securities	-101,047	-63,487
Proceeds from the sale of securities	39,882	107,903
Payments for acquisitions / divestments, net of cash acquired / disposed of	-	790
Net cash used for investing activities (II)	**-178,213**	**-54,252**
Proceeds from the increase in loans and the issuance of bonds	5,452	22,106
Repayment of bonds and loans	-31,242	-13,646
Repayment of lease liabilities	-13,055	-883
Proceeds from silent partnership (CMG)	1,558	1,605
Change in partners' loan accounts	8,197	3,537
Payments to minority shareholders	-447	-321
Decrease in other interest-bearing liabilities	-32,569	-
Subordinated perpetual securities payout	-6,096	-6,096
Dividends paid out	-19,500	-10,400
Net cash used for financing activities (III)	**-87,702**	**-4,098**
Net change in cash and cash equivalents (I+II+III)	**73,466**	**206,481**
Effect of foreign exchange rate changes on cash and cash equivalents	-3,159	-2,515
Cash and cash equivalents at beginning of year	511,333	307,367
Cash and cash equivalents at end of year	**581,640**	**511,333**

Consolidated Statement of Changes in Equity

as of September 30, 2008

			Other reserves							
in € '000	Subscribed capital	Capital reserves	Accumulated profit	Currency translation	Unrealized gains/losses from securities	Derivative financial instruments	Subordinated perpetual securities	Equity before minority interests	Minority interests	Total equity
Balance as of October 1, 2006	**78,000**	**38,347**	**319,590**	**-4,715**	**1,159**	**-11,780**	**78,616**	**499,217**	**3,337**	**502,554**
Net income	-	-	114,844	-	-	-	-	114,844	-24	114,820
Changes without impact on profit and loss	-	-	-	-5,920	-1,209	10,989	-	3,860	-	3,860
Total recognized income for the period	**-**	**-**	**114,844**	**-5,920**	**-1,209**	**10,989**	**-**	**118,704**	**-24**	**118,680**
Dividend payments	-	-	-10,400	-	-	-	-	-10,400	-	-10,400
Compensation for subordinated perpetual securities	-	-	-6,096	-	-	-	-	-6,096	-	-6,096
Consolidation adjustments / other changes	-	-	-	-	-	-	-	-	-321	-321
Balance as of September 30, 2007 / October 1, 2007	**78,000**	**38,347**	**417,938**	**-10,635**	**-50**	**-791**	**78,616**	**601,425**	**2,992**	**604,417**
Net income	-	-	168,025	-	-	-	-	168,025	1,312	169,337
Changes without impact on profit and loss	-	-	-	-9,372	-4,909	-2,436	-	-16,717	-	-16,717
Total recognized income for the period	**-**	**-**	**168,025**	**-9,372**	**-4,909**	**-2,436**	**-**	**151,308**	**1,312**	**152,620**
Dividend payments	-	-	-19,500	-	-	-	-	-19,500	-474	-19,974
Compensation for subordinated perpetual securities	-	-	-6,096	-	-	-	-	-6,096	-	-6,096
Consolidation adjustments / other changes	-	-	47	-	-	-	-	47	-20	27
Balance as of September 30, 2008	**78,000**	**38,347**	**560,414**	**-20,007**	**-4,959**	**-3,227**	**78,616**	**727,184**	**3,810**	**730,994**

Affiliated Companies, Equity-Accounted Investments and Other Shareholdings

as of September 30, 2008

No.	Company	Subscribed capital		Shareholding in %	Shareholding owned by company No.
I. Affiliated companies included in the scope of consolidation					
Domestic companies					
1	CLAAS Kommanditgesellschaft auf Aktien mbH, Harsewinkel	EUR	78,000,000		
2	CLAAS Selbstfahrende Erntemaschinen GmbH, Harsewinkel	EUR	25,600,000	100	1
3	CLAAS Beteiligungsgesellschaft mbH i.L., Harsewinkel	EUR	52,000	100	41
4	CLAAS Saulgau GmbH, Bad Saulgau	EUR	7,700,000	100	1
5	CLAAS Fertigungstechnik GmbH, Beelen	EUR	5,300,000	100	1
6	CLAAS Automation GmbH, Nördlingen	EUR	260,000	100	5
7	BRÖTJE-Automation GmbH, Wiefelstede	EUR	1,030,000	100	5
8	BA Jaderberg GmbH, Jaderberg	EUR	25,000	100	7
9	CLAAS Industrietechnik GmbH, Paderborn	EUR	7,700,000	100	1
10	CLAAS Vertriebsgesellschaft mbH, Harsewinkel	EUR	3,100,000	100	1
11	Brandenburger Landtechnik GmbH, Liebenthal	EUR	1,000,000	50.6	10
12	Mecklenburger Landtechnik GmbH, Mühlengeez	EUR	1,000,000	100	10
13	CLAAS Württemberg GmbH, Langenau	EUR	800,000	90	10
14	CLAAS Bordesholm GmbH, Bordesholm	EUR	750,000	69.6	10
15	AGROCOM GmbH & Co. Agrarsystem KG, Bielefeld	EUR	117,600	100	1
16	AGROCOM Verwaltungs GmbH, Bielefeld	EUR	32,150	100	1
17	CLAAS Osteuropa Investitions GmbH, Harsewinkel	EUR	100,000	100	1
18	CLAAS Global Sales GmbH, Harsewinkel	EUR	2,000,000	100	1
19	CLAAS Service and Parts GmbH, Harsewinkel	EUR	2,000,000	100	1
Foreign companies					
20	CLAAS France Holding S.A.S., Paris, France	EUR	102,409,000	100	1
21	Usines CLAAS France S.A.S., Metz-Woippy, France	EUR	24,500,000	100	20
22	CLAAS France S.A.S., Paris, France	EUR	8,842,043	100	20
23	CLAAS Tractor S.A.S., Vélizy, France	EUR	70,773,481	100	20
24	CLAAS Réseau Agricole S.A.S., Vélizy, France	EUR	27,400,000	100	23
25	CLAAS Retail Properties Ltd., Shipston on Stour, United Kingdom	GBP	3,812,030	100	27
26	RENAULT Agriculture & Sonalika International Plc., Port Louis, Mauritius	USD	900,000	60	23
27	CLAAS Holdings Ltd., Saxham, United Kingdom	GBP	10,800,000	100	1
28	CLAAS U.K. Ltd., Saxham, United Kingdom	GBP	101,100	100	27
29	Southern Harvesters Ltd., Saxham, United Kingdom	GBP	200,000	100	28
30	Anglia Harvesters Ltd., Market Harborough, United Kingdom	GBP	400,000	100	28
31	Western Harvesters Ltd., Cheltenham, United Kingdom	GBP	281,000	75	28
32	Eastern Harvesters Ltd., Lincolnshire, United Kingdom	GBP	440,000	75	28
33	Scottish Harvesters Ltd., Saxham, United Kingdom	GBP	400,000	100	28

No.	Company		Subscribed capital	Shareholding in %	Shareholding owned by company No.
34	S.I.S. Ltd., Coventry, United Kingdom	GBP	45,000	100	5
35	CLAAS Italia S.p.A., Vercelli, Italy	EUR	2,600,000	100	1
36	CLAAS Ibérica S.A., Madrid, Spain	EUR	3,307,500	100	1
37	CLAAS Hungaria Kft., Törökszentmiklos, Hungary	HUF	552,740,000	100	1
38	OOO CLAAS Vostok, Moscow, Russia	RUB	170,000	100	1
39	CLAAS Ukraina DP, Kiev, Ukraine	UAH	30,000	100	19
40	CLAAS Argentina S.A., Sunchales, Argentina	ARS	35,296,570	100	1
41	CLAAS North America Holdings Inc., Omaha, Nebraska, USA	USD	700	100	1
42	CLAAS of America Inc., Omaha, Nebraska, USA	USD	9,800,000	100	41
43	CLAAS Omaha Inc., Omaha, Nebraska, USA	USD	48,000,000	100	41/3
44	CLAAS North America Finance LLC., Omaha, Nebraska, USA	USD	0	100	41
45	Platte River Receivables Inc., Columbus, Indiana, USA	USD	1,500,000	100	41
46	CLAAS India Ltd., Faridabad, India	INR	350,000,000	100	1
47	OOO CLAAS, Krasnodar, Russia	RUB	353,144,130	99.7	17
48	BRÖTJE-Automation-USA Inc., Omaha, Nebraska, USA	USD	1,000	100	7
	Other companies consolidated pursuant to SIC-12				
49	CHW Fonds, Luxembourg, Luxembourg				
50	Mercator Funding Ltd., Saint Helier, Jersey				
	II. Investments accounted for using the equity method and other shareholdings				
51	CLAAS GUSS GmbH, Bielefeld, Germany	EUR	4,680,000	44.5	1/4
52	CS Parts Logistics GmbH, Bremen, Germany	EUR	1,550,000	50	19
53	Landtechnik-Zentrum Chemnitz GmbH, Hartmannsdorf, Germany	EUR	750,000	40	10
54	Worch Landtechnik GmbH, Schora, Germany	EUR	55,000	39	10
55	Landtechnik Steigra GmbH, Steigra, Germany	EUR	615,000	15.1	10
56	CLAAS Traktoren Vertrieb Bayern GmbH, Vohburg, Germany	EUR	700,000	30	10
57	Technik Center Grimma GmbH, Mutzschen, Germany	EUR	350,000	30	10
58	CLAAS Grasdorf GmbH, Grasdorf, Germany	EUR	500,000	40	10
59	CLAAS Finance Ltd., Basingstoke, United Kingdom	GBP	3,000,000	49	27
60	CLAAS Financial Services Ltd., Basingstoke, United Kingdom	GBP	4,200,000	49	28
61	CLAAS Financial Services S.A.S., Paris, France	EUR	32,494,788	39.9	1
62	Harvest Machinery Ireland Ltd., Drogheda, Ireland	EUR	126,974	36.2	1
63	G.I.M.A. S.A., Beauvais, France	EUR	8,448,500	50	23
64	Alberta Harvest Centre Ltd., Lacombe, Canada	CAD	1,000,000	20	42

Notes to the Consolidated Financial Statements

1. Basis of Presentation

The consolidated financial statements of CLAAS KGaA mbH for the fiscal year ended September 30, 2008 were prepared in accordance with the International Financial Reporting Standards (IFRS). All IFRSs / IASs and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC) required to be applied in fiscal year 2008, as adopted by the EU, have been complied with. The consolidated financial statements are supplemented by the Group management report and additional disclosures in accordance with Section 315a of the German Commercial Code (HGB). Prior-year figures were determined in accordance with the same principles. The consolidated financial statements have been presented in euros (€). The amounts have been stated in thousands of euros (€ '000) or in millions of euros (€ million).

The income statement was prepared using the cost of sales method of accounting. The balance sheet format makes a distinction between current and non-current assets and liabilities. To improve the clarity of presentation, individual items within the balance sheet and the income statement have been combined insofar as possible and meaningful. These items are analyzed and explained in the notes.

In accordance with Section 264 (3) and Section 264b of the HGB, the Company is exempt from the duty to disclose and publish financial statements in the electronic German Federal Gazette (Bundesanzeiger) and to prepare notes and management reports for the following German subsidiaries: AGROCOM GmbH & Co. Agrarsystem KG, Bielefeld; CLAAS Global Sales GmbH, Harsewinkel; CLAAS Service and Parts GmbH, Harsewinkel; CLAAS Fertigungstechnik GmbH, Beelen; CLAAS Industrietechnik GmbH, Paderborn; CLAAS Selbstfahrende Erntemaschinen GmbH, Harsewinkel; CLAAS Vertriebsgesellschaft mbH, Harsewinkel; CLAAS Saulgau GmbH, Bad Saulgau; BRÖTJE-Automation GmbH, Wiefelstede; BA Jaderberg GmbH, Jaderberg; and CLAAS Automation GmbH, Nördlingen.

The consolidated financial statements were prepared on November 12, 2008 by the Executive Board of CLAAS KGaA mbH. Approval of the consolidated financial statements by the Supervisory Board is planned for December 10, 2008 at the scheduled Supervisory Board meeting.

2. Scope of Consolidation

Acquisitions / Divestments in the Fiscal Year

In order to strengthen the technological base of the Production Technology segment, a new company called BA Jaderberg GmbH, Jaderberg, Germany, was formed on September 12, 2007. In October 2007, acquired assets were transferred to the new company. BA Jaderberg GmbH produces hydraulically driven rivet heads for supply to BRÖTJE-Automation GmbH, Wiefelstede.

The existing option to purchase the remaining 20% of the shares in RENAULT Agriculture S.A.S., Vélizy, France, was exercised early with effect as of June 26, 2008. CLAAS now holds 100% of the shares in the company, which was therefore renamed "CLAAS Tractor S.A.S." CLAAS Tractor S.A.S. had already been included in the scope of consolidation as an affiliated company.

On April 17, 2008, Alberta Harvest Centre Ltd., Lacombe, Canada, was formed for the purpose of reinforcing the sales network. CLAAS holds an interest of 20% in this company.

Fully Consolidated Companies

Companies consolidated into the Group accounts include CLAAS KGaA mbH and all of its affiliates and the special purpose entities that are required to be included in the consolidated financial statements pursuant to SIC-12. This constitutes a total of 50 companies (previous year: 49 companies), thereof 19 German and 31 foreign companies.

All companies that are directly or indirectly controlled by CLAAS KGaA mbH were consolidated as subsidiaries in accordance with the full consolidation method.

Investments Accounted for Using the Equity Method

Included in the consolidated financial statements are 6 (previous year: 6) associated companies accounted for using the equity method: CLAAS GUSS GmbH, Bielefeld, Germany; CLAAS Finance Ltd., Basingstoke, United Kingdom; CLAAS Financial Services Ltd., Basingstoke, United Kingdom; CLAAS Financial Services S.A.S., Paris, France; Harvest Machinery Ireland Ltd., Drogheda, Ireland; and G.I.M.A. S.A., Beauvais, France.

The following list summarizes the key financial figures of the companies accounted for using the equity method:

in € '000	2008	2007
Revenues*	**403,192**	**349,688**
Income before taxes	**15,996**	**16,920**
Non-current assets	133,552	117,340
Current assets	713,318	619,689
Total assets	**846,870**	**737,029**
Equity	83,825	74,484
Liabilities	763,045	662,545
Total equity and liabilities	**846,870**	**737,029**

* Revenues include income and expenses, net, provided by financing activities of €18.2 million (previous year: €16.4 million).

A list of shareholdings has been attached to this report.

3. Accounting Policies

Intangible Assets and Property, Plant and Equipment

Intangible assets acquired for a consideration are recognized at cost and, if a useful life can be determined, amortized over the useful life of the asset. The useful life of intangible assets ranges from three to ten years. When the useful life of an asset cannot be determined, the asset is not amortized, but is tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be permanently impaired. Goodwill is not amortized either, but is subjected to an annual impairment test. Development costs for internally generated future serial products are recognized as an asset, provided that manufacture of the products will generate probable future economic benefits for CLAAS and the other requirements of IAS 38 are fulfilled. The cost comprises all costs directly attributable to the development process plus the relevant development-related overheads. Depreciation is undertaken on a straight-line basis as of the start of production over the expected useful life of the product.

Property, plant and equipment is measured at cost and, where subject to wear and tear, depreciated in accordance with a depreciation schedule. Movable assets are depreciated on a straight-line basis over their estimated useful life. The useful life of buildings ranges between 20 and 50 years. Other property, plant and equipment is depreciated over a useful life of between three and 20 years. Borrowing costs pursuant to IAS 23 are not included in the cost of an asset.

The option of using the revaluation method has not been selected.

When conducting impairment tests either annually or upon indication of impairment, the carrying amount is compared with the recoverable amount, which represents the higher of the value in use and the fair value less costs to sell. The value in use is based on the present value of future cash flows expected to arise from the continuing use of the relevant asset or the cash-generating unit and from its disposal at the end of its useful life. If the recoverable amount is less than the carrying amount, an impairment loss is recognized in income. Any subsequent increases in value are taken into account by increasing the carrying amount of the asset, except in the case of goodwill impairment. When conducting the impairment test, the value in use is determined on the basis of the management's medium-term forecast data covering a period of five years. The forecast assumptions are adjusted to reflect current circumstances, taking into account reasonable expectations based on macroeconomic trends and historical developments. Cash flow projections are estimated by extrapolation based on the growth rates of the relevant market segment. Depending on the cash-generating unit, the market growth rates are currently between 0.0% and 1.0% (previous year: 0.0% and 1.0%). The value in use is determined on the basis of discount rates ranging between 7.9% and 8.6% (previous year: 7.7% and 9.5%) and corresponding to the risk-adjusted minimum yield on the capital market.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Regular way purchases and sales of financial instruments are recognized as of the settlement date. In accordance with IFRS, financial instruments include primary financial instruments (in the case of CLAAS, subordinated perpetual securities classified as equity instruments as well as other equity investments and securities, receivables and other financial assets, cash and cash equivalents, a silent partnership, bonds and payables) and derivative financial instruments (such as swaps and options).

IAS 39 classifies financial instruments into the following categories: financial assets and financial liabilities at fair value through profit or loss, including the sub-category of financial assets and financial liabilities held for trading; held-to-maturity investments; loans and receivables; available-for-sale financial assets; and financial liabilities measured at amortized cost. The categories pursuant to IAS 39 do not include derivative financial instruments designated as hedging instruments. However, derivatives that are not designated as hedging instruments or do not qualify for hedge accounting fall into the category of financial assets and financial liabilities held for trading.

Financial instruments are recognized at amortized cost or at fair value. The amortized cost is calculated using the effective interest method. The fair value of a financial instrument in accordance with IFRS is the amount for which the instrument could be exchanged between knowledgeable, willing parties in an arm's length transaction other than a forced transaction, involuntary liquidation or distress sale. The fair value generally corresponds to the market value or the stock market price. If the market for a financial instrument is not active, fair value is established using a valuation technique (for example, a discounted cash flow analysis, which applies a discount rate equal to the current market rate of return). The fair value of derivative financial instruments is calculated by discounting the estimated future cash flows at the current market rate of return or by using other common valuation techniques such as option pricing models. Financial instruments for which the fair value cannot be reliably measured are carried at amortized cost.

The fair value option provided for in IAS 39 permits an entity to permanently designate financial assets not held for trading on initial recognition as to be measured at fair value, with changes in fair value recognized in profit or loss. This does not include equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured. This voluntary designation may only be used in order to eliminate or significantly reduce a measurement or recognition inconsistency ("accounting mismatch"), if the financial instrument contains one or more embedded derivatives, or if a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis.

At CLAAS, the fair value option is applied provided a financial instrument contains one or more embedded derivatives. Financial instruments (particularly securities) may also be classified into this category if the internal management of the instrument in question is undertaken on a fair value basis. Financial instruments for which the fair value option is exercised are shown by product under the respective balance sheet item. Changes in the value of such items are included in the financial result shown on the income statement.

The carrying amounts of financial assets not recognized at fair value through profit or loss are assessed as of each balance sheet date for objective evidence of impairment (such as significant financial difficulty of the issuer or obligor or the probability that the borrower will enter bankruptcy). If any such evidence exists, the resulting impairment loss is recognized in profit or loss. Any impairment loss of an available-for-sale financial asset recognized directly in equity is removed from equity and recognized in profit or loss.

Primary Financial Instruments

Investments and securities
Pursuant to IAS 28 / IAS 31, investments in associated companies and joint ventures are recognized in the amount of the prorated share in equity ("equity method") provided that the Group has the possibility of exercising significant influence on these companies. Other investments that are neither measured at fair value through profit or loss nor held to maturity are classified as available-for-sale financial instruments within the meaning of IAS 39. They are stated at their fair values, provided that the shares held by CLAAS are listed on a stock exchange or quoted market prices are available. Other investments are carried at amortized cost (less any impairment loss) if no quoted market price exists.

The securities held by CLAAS are securities designated as at fair value through profit or loss as well as available-for-sale securities that are neither measured at fair value through profit or loss nor held to maturity. Securities classified as "available for sale" are stated at quoted market prices (where available).

Unrealized gains and losses from available-for-sale securities stated at fair value as well as equity investments are recognized in equity without impact on earnings, taking into account deferred taxes.

Receivables and other financial assets
Receivables and other financial assets are recognized at their principal amount. Adequate allowances are made for anticipated default risks. Reductions of trade receivables for impairment or uncollectibility are made directly or through the use of an allowance account. Impairment losses are recognized for trade receivables anytime there is objective evidence of impairment as a result of financial difficulty on the part of the obligor, impending losses, or delinquency in payments or payment concessions granted by CLAAS. The decision as to whether the carrying amount of a receivable at risk of default should be reduced directly or through the use of an allowance account depends on the degree of reliability of the risk assessment. Such assessment is made by the individual portfolio managers. Non-interest-bearing receivables that are not expected to be collected within the normal payment cycle (usually one year) are discounted at the market interest rate in accordance with the maturity of the receivables. CLAAS sells a portion of its trade receivables to third parties, mostly via asset-backed securitization programs. These receivables are carried as assets on the balance sheet provided that the risks and rewards associated with the receivables – particularly credit risks and default risks – are not transferred.

Long-term construction contracts are reported in accordance with the percentage of completion method. The amount required to be capitalized is reported under receivables and also under sales. The receivables arise when contractually agreed milestones or certain stages of completion are reached. The stage of completion (= percentage of completion) is based on the incurred contract costs. Existing contracts are reviewed as of each reporting date to assess potential risks. In the case of anticipated losses, corresponding allowances or provisions are recognized.

Cash and cash equivalents
Under IFRS, cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents as reported in the cash flow statement correspond to the same item in the balance sheet.

Liabilities
Liabilities are initially carried at their fair value less transaction costs and subsequently measured at amortized cost; liabilities denominated in foreign currencies are translated at the closing rate.

Derivative Financial Instruments and Hedge Accounting

The CLAAS Group uses derivative financial instruments such as swaps, forward exchange contracts, interest rate swap options, forward interest rate transactions, caps, and floors for hedging purposes. In accordance with IAS 39, all derivative financial instruments must be reported in the balance sheet at fair value under either assets or liabilities. If hedge effectiveness has been clearly determined and documented, hedge accounting is permitted. In hedge accounting, the recognition of changes in the fair value of a derivative instrument depends on the type of hedge. With cash flow hedges, the effective portion of the change in the fair value of a derivative instrument is reported initially as a component of equity and is not recognized in income until the hedged item is recognized in income. The ineffective portion is recognized immediately in income. With fair value hedges, gains or losses resulting from changes in the fair value of a derivative and its underlying transaction are recognized immediately in income.

Hedge accounting is discontinued if the hedging instrument expires or is sold, terminated, or exercised or the hedge no longer meets the criteria for hedge accounting. In such cases, for cash flow hedges the cumulative gains or losses on the hedging instrument that were recognized directly in equity remain in equity until the planned transaction is concluded. If a hedged transaction is no longer expected to occur, the associated cumulative gains or losses that were recognized directly in equity are reclassified to the income statement.

Inventories

Inventories are measured at the lower of cost or net realizable value. Raw materials and consumables as well as merchandise are capitalized at average cost. Work in progress and finished goods are capitalized at production-related full cost, including direct materials and labor and any allocable production overheads from indirect materials as well as production-related administrative costs. Borrowing costs pursuant to IAS 23 are not included in the cost of an asset. Inventory risks that result from the reduced likelihood of full utilization, as well as risks arising from an assessment of realizable sale prices, are reflected in value adjustments.

Leases

In the case of finance leases, the leased assets are capitalized and the payment obligations resulting from future lease payments are recognized as a liability on a discounted basis. If consolidated companies act as lessees in operating leases, the lease payments are recognized as an expense.

Pension Obligations

Pension obligations are calculated using actuarial valuation methods in accordance with the projected unit credit method. This method not only takes into account pensions and accrued vested rights known as of the balance sheet date, but also anticipated future salary and pension increases. The net cumulative unrecognized actuarial gains or losses as of the end of the previous reporting period that exceed the greater of 10% of the present value of the defined benefit obligation (before deducting plan assets) or 10% of the fair value of any plan assets are distributed over the expected average remaining working lives of the employees participating in the plan (the “corridor approach”).

Current and Deferred Income Taxes

Tax provisions include current tax commitments. However, deferred taxes calculated in accordance with IAS 12 are reported under separate items in the balance sheet. They reflect future reductions or increases in the tax burden arising from temporary differences between the consolidated financial statements and the tax accounts. Deferred tax assets also comprise tax reduction claims arising from the expected realization of existing loss carryforwards in subsequent years, the materialization of which is sufficiently probable. Deferred taxes are computed using the tax rate that will apply – depending on the current legal situation – at the anticipated point in time when temporary differences are reversed. In foreign countries, country-specific tax rates are used. Deferred tax assets are reduced by a valuation allowance if it is more likely than not that not all of the deferred tax assets will be able to be utilized against future tax gains or if their realization is limited in time.

Revenue Recognition

Revenue, interest income, and other operating income are recognized upon completion of delivery or service and transfer of risk to the customer. Only revenue from product sales occurring in the ordinary course of business is recognized as revenue.

In the case of long-term construction contracts, revenue is recognized in accordance with the percentage of completion method as contractually agreed milestones or certain stages of completion are reached.

4. Consolidation Principles

The separate financial statements of the consolidated entities have been prepared using the uniform accounting policies relevant for the CLAAS Group. As a rule, the financial statements are prepared for the fiscal year ending September 30.

When consolidating the equity of Group companies, the carrying amounts of the subsidiaries are offset against the respective share in equity of the affiliates at the time of acquisition. Residual amounts arising on the assets side are capitalized as goodwill and subjected to an annual impairment test. Any differences arising on the liabilities side are reported as other operating income.

Investments in associated companies are accounted for using the equity method. With respect to the elimination of intercompany relationships, the same principles are applied to investments in associated companies as are applied to full consolidation.

Receivables and payables, net sales as well as income and expenses between consolidated entities are eliminated upon consolidation. Intercompany profits and losses within inventories are adjusted accordingly.

Tax deferrals are recognized for temporary differences arising from the elimination of profits and losses resulting from intragroup transactions, provided the temporary differences are likely to be reversed in future fiscal years. Deferred tax assets and liabilities are offset where applicable.

5. Foreign Currency Translation

Currency translation is based on the functional currency concept in accordance with IAS 21. The functional currency is the currency used in the environment where an entity predominantly operates. As a rule, this is the currency in which cash is generated and expended.

In the consolidated financial statements, all balance sheet items of economically independent foreign entities are translated at the closing rate; expenses and income are translated at the average exchange rate for the fiscal year. Adjustments resulting from currency translations in the financial statements are excluded from income and reported in equity.

The following exchange rates were used for countries that are not part of the European Monetary Union:

		Average rate		Closing rate	
in €		2008	2007	Sept. 30, 2008	Sept. 30, 2007
1	US dollar	0.66	0.75	0.70	0.70
1	Pound sterling	1.30	1.48	1.26	1.43
1	Ukrainian hryvnia	0.14	0.15	0.14	0.14
100	Hungarian forint	0.40	0.40	0.41	0.40
100	Indian rupee	1.60	1.76	1.50	1.77
100	Russian ruble	2.74	2.90	2.74	2.86

6. Litigation and Damage Claims

As a result of their general business operations, CLAAS Group companies are involved in a variety of legal proceedings and official governmental proceedings, or are exposed to third-party claims, or there may be a possibility of such proceedings being instituted or asserted in the future (for instance with respect to patents, product liability, or goods supplied, or services rendered). Although the outcome of individual proceedings cannot be predicted with certainty given the unforeseeable nature of events associated with legal disputes, the current assessment is that no significant adverse impact on the Group's results of operations will occur beyond the risks reflected in liabilities and provisions in the financial statements.

7. Use of Estimates and Management Judgments

In preparing the consolidated financial statements, it is to some extent necessary to make assumptions and estimates that affect the amount and presentation of assets and liabilities, income and expenses as well as any contingent liabilities in the reporting period. These estimates and assumptions primarily relate to assessing the recoverability of assets, defining a uniform Group standard for the economic lives of property, plant and equipment, and recognizing and measuring provisions based on the current state of knowledge. In particular, assumptions regarding expected business development are based on circumstances at the time of preparation of the consolidated financial statements as well as the probable development of global markets and industries. The actual amounts may differ from the original estimates if outside developments over which management has no control should cause these parameters to change.

At the time the consolidated financial statements were prepared, the assumptions and estimates were not subject to significant risks. Thus from a current perspective, no major adjustments to the carrying amounts of the assets and liabilities disclosed on the balance sheet are to be expected for the following year.

8. New Financial Reporting Standards

The following revised and supplemented or newly published IFRSs – which are relevant for CLAAS to a certain extent only – were required to be applied for the first time in the past fiscal year:

■ IAS 1	(amended in 2005)	Presentation of Financial Statements (information on capital)
■ IFRS 7		Financial Instruments: Disclosures
■ IFRIC 10		Interim Financial Reporting and Impairment
■ IFRIC 11		IFRS 2 – Group and Treasury Share Transactions

CLAAS applied IFRS 7 and the related changes in IAS 1 for the first time in the preceding fiscal year. These provisions lead to greater detail in disclosures on financial instruments.

In addition, the International Accounting Standards Board (IASB) has published the following standards and interpretations that CLAAS will not apply before they take effect:

■ IAS 1	(revised in 2007)	Presentation of Financial Statements
■ IAS 23	(revised in 2007)	Borrowing Costs
■ IAS 27	(amended in 2008)	Consolidated and Separate Financial Statements
■ IAS 32	(amended in 2008)	Financial Instruments: Presentation
■ IAS 39	(amended in 2008)	Financial Instruments: Recognition and Measurement (eligible hedged items)
■ IFRS 1	(amended in 2008)	First-time Adoption of International Financial Reporting Standards
■ IFRS 2	(amended in 2008)	Share-based Payment
■ IFRS 3	(revised in 2008)	Business Combinations
■ IFRS 8		Operating Segments
■ IFRIC 12		Service Concession Arrangements
■ IFRIC 13		Customer Loyalty Programmes
■ IFRIC 14		IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
■ IFRIC 15		Agreements for the Construction of Real Estate
■ IFRIC 16		Hedges of a Net Investment in a Foreign Operation

The 2007 revisions to IAS 1 involve changes in the presentation of certain items in the financial statements as well as changes in the titles of some of the financial statements. We do not anticipate any significant effects for CLAAS. The revised standard will come into effect for the annual periods beginning on or after January 1, 2009, but early adoption is permitted.

The revision to IAS 23 in 2007 eliminates the option to recognize immediately as an expense borrowing costs for assets that take a substantial period of time to get ready for use or sale (“qualifying assets”). In the future, borrowing costs that relate to the acquisition, construction, or production of a qualifying asset must be capitalized as

part of the cost of that asset. Since CLAAS does not currently make use of this capitalization option, the application of IAS 23 (revised in 2007) could affect financial position and financial performance. IAS 23 (revised in 2007) is effective for annual periods beginning on or after January 1, 2009. Early application is permitted, though CLAAS has elected not to exercise this option.

The amendments to IAS 27 in 2008 entail, among other things, changes in the treatment of non-controlling interests and the attribution of profit or loss to non-controlling interests. The revised standard is mandatory for annual periods beginning on or after July 1, 2009. Early adoption is permitted provided that IAS 27 (revised in 2008) is applied together with IFRS 3 (revised in 2008). However, CLAAS has chosen not to make use of this option.

The amendments to IAS 32 (revised in 2008) require certain financial instruments to be classified as equity that would previously have been classified as financial liabilities. We do not expect this amendment to significantly affect the financial position or financial performance of CLAAS. The revised standard is effective for annual periods beginning on or after January 1, 2009. Early adoption is permitted, though CLAAS will not make use of this option.

IAS 39 was amended in 2008 to clarify hedge accounting issues relating to risk in a hedged item and when an entity may designate a portion of cash flows of a financial instrument as a hedged item. The revised standard is mandatory for annual periods beginning on or after July 1, 2009. Early adoption is permitted, though CLAAS will not make use of this option. The amendments are not expected to result in any significant changes for CLAAS.

IFRS 2 was amended in 2008 to clarify the term “vesting conditions” as well as the accounting treatment of cancellations of share-based payments by parties other than the entity in question. The revised standard must be applied to annual periods beginning on or after January 1, 2009. Earlier application is permitted. We do not anticipate any changes due to these amendments.

The 2008 amendments to IFRS 3 involve changes in accounting for business combinations. One of these is the option to permit an entity to recognize 100% of the goodwill of an acquired entity (“full goodwill option”). The changes will take effect for annual periods beginning on or after July 1, 2009. Early adoption is permitted, though CLAAS has not made use of this option.

IFRS 8 resulted from the convergence project with the FASB and introduces new requirements for segment reporting. IFRS 8 must be applied to periods beginning on or after January 1, 2009. We do not anticipate any significant changes due to these amendments. IFRS 8 may be applied to earlier periods, though CLAAS has not made use of this option.

With respect to future application of the interpretations, we do not anticipate any material significance for the consolidated financial statements of CLAAS, given that the interpretations are either not relevant at present or they are not expected to have a significant impact on financial performance or financial position.

9. Net Sales

Net sales also include sales from long-term construction contracts that have been accounted for in accordance with the percentage of completion (POC) method. The amount to be capitalized from long-term construction contracts that cannot yet be billed is reported under receivables and recognized as sales. Sales accounted for using the POC method amounted to €158.6 million (previous year: €137.3 million) in the reporting period.

10. Cost of Sales

The cost of sales includes outgoing freight in the amount of €71.9 million (previous year: €54.8 million).

11. Selling Expenses

Selling expenses comprise expenses for advertising and marketing activities, agent commissions, as well as personnel expenses and administrative materials costs of the sales division.

12. General and Administrative Expenses

General and administrative expenses include personnel expenses and materials costs of administration including depreciation. For purpose of the consolidated financial statements, CLAAS regards the administrative expenses of its sales companies as selling expenses. These costs are not included in general and administrative expenses but are allocated to selling expenses.

13. Other Operating Income

Other operating income is composed of the following:

in € '000	2008	2007
Income from the release of provisions	18,889	22,396
Income from the release of discounts and allowances for bad debts	3,822	2,704
Gains on disposal of intangible assets and property, plant and equipment	336	462
Rental and lease income	368	402
Income from pass-through costs	4,540	4,859
Miscellaneous income	19,065	15,983
Other operating income	**47,020**	**46,806**

14. Other Operating Expenses

in € '000	2008	2007
Goodwill impairment	17,957	18,176
Losses on disposal of intangible assets and property, plant and equipment	812	782
Allowances for bad debts	1,917	2,256
Part-time retirement costs	11,130	3,460
Other personnel expenses	3,853	5,223
Miscellaneous expenses	24,156	17,189
Other operating expenses	**59,825**	**47,086**

Miscellaneous expenses comprise a number of minor items such as litigation expenses, as well as fees and charges.

15. Financial Result

The financial result is made up of “income from investments,” “interest and similar expenses, net,” and “other financial result.” At the balance sheet date, the financial result amounted to €-29.9 million (previous year: €-4.7 million).

Income from Investments

Income from investments comprises income from both investments accounted for using the equity method and other investments. These two items are reported separately under the financial result.

Income from investments accounted for using the equity method
Income from investments accounted for using the equity method in the amount of €3.2 million (previous year: €4.7 million) relates to earnings contributions from investments in associated companies and joint ventures.

Income from other investments
Income from other investments generally includes all income and expenses resulting from holding or selling investments that are neither fully consolidated nor accounted for using the equity method.

in € '000	2008	2007
Income from investments	556	702
Impairment of investments	70	-
Income from other investments, net	**486**	**702**

Interest and Similar Expenses

Interest and similar expenses, net includes all income and expenses resulting from holding or selling securities or financial assets other than investments.

in € '000	2008	2007
Interest expense	-30,617	-30,947
thereof: interest expense on non-current provisions	(-73)	(-292)
thereof: interest on finance lease payments	(-288)	(-900)
Profits transferred under a partial profit transfer agreement (CMG)	-3,843	-3,112
Interest and similar expenses	**-34,460**	**-34,059**
Interest income	21,846	19,415
Income from other securities and loans, net	2,025	1,424
Interest and similar expenses, net	**-10,589**	**-13,220**

Interest income and expense primarily reflect financial instruments not measured at fair value. Profits transferred under a partial profit transfer agreement (CMG) reflect payments based on Group net income with respect to the silent partnership held by CLAAS Mitarbeiterbeteiligungs-Gesellschaft mbH (CMG).

Other Financial Result

The other financial result is analyzed as follows:

in € '000	2008	2007
Miscellaneous financial expense	-10,997	-4,189
Miscellaneous financial income	1,472	265
Foreign exchange gains and losses	-13,496	7,057
Other financial result	**-23,021**	**3,133**

In fiscal 2008, an impairment of €6.3 million was recognized for financial assets (previous year: €0.8 million). The impairment loss was reported under "miscellaneous financial expense." This item also includes €1.4 million (previous year: €1.6 million) in expenditures for fees relating to financial instruments.

16. Income Taxes

Income taxes comprise current taxes and deferred taxes.

in € '000	2008	2007
Current income taxes, domestic	63,280	36,910
thereof: corporate income tax / solidarity surcharge	(30,374)	(16,735)
thereof: municipal trade tax	(32,906)	(20,175)
Current income taxes, foreign	26,453	17,599
Total current taxes	**89,733**	**54,509**
Deferred income taxes, domestic	-4,397	5,278
Defererred income taxes, foreign	-6,604	1,200
Total deferred taxes	**-11,001**	**6,478**
Total income taxes	**78,732**	**60,987**

A tax rate of 29.0% (previous year: 29.0%) was assumed for temporary differences in the calculation of deferred taxes for domestic companies. The gross amounts of the deferred taxes result from temporary differences in various balance sheet items. In accordance with IAS 12, deferred tax assets and liabilities are offset provided they are from the same tax authority and refer to the same period. Therefore, the carrying amount of deferred taxes recognized on the balance sheet is the result of netting out the deferred taxes.

	Sept. 30, 2008		Sept. 30, 2007	
in € '000	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets	-	30,598	-	28,311
Property, plant and equipment	5,117	9,829	6,184	14,797
Inventories	49,710	-	46,751	-
POC receivables	-	13,849	-	9,857
Finance leases	282	-	3,982	-
Provisions	56,585	-	43,824	-
Loss carryforwards	3,870	-	4,150	-
Other	14,447	35,309	11,575	40,207
Valuation allowance	-13,398	-	-9,356	-
Gross amount	**116,613**	**89,585**	**107,110**	**93,172**
Netting out	-88,736	-88,736	-92,650	-92,650
Carrying amount	**27,877**	**849**	**14,460**	**522**
Total deferred tax assets, net	27,028		13,938	

Deferred tax assets and liabilities, which are recognized directly in equity, amounted to €2.2 million as of the reporting date (previous year: €0.1 million). No deferred tax liabilities were recognized for temporary differences related to investments in subsidiaries.

The following table reconciles the anticipated income tax expense for the previous year and the year under review with the expenses finally recognized. The expected tax charge is determined by multiplying the Group tax rate by income before taxes. In fiscal 2008, the applicable tax rate was 29.0% (previous year: 38.0%) and consisted of the German domestic corporate income tax, the solidarity surcharge, and the municipal tax rate. The decrease in the tax rate from the previous year resulted from the decrease in the corporate income tax rate as part of German business tax reform in 2008.

in € '000	2008	2007
Income before taxes	248,069	175,807
Theoretical tax expense at 29.0% (previous year: 38.0%)	**71,940**	**66,807**
Difference in foreign tax rates	565	-7,041
Tax effects on		
payment of taxes for previous years	-1,636	28
impact of unrealized offsetting	4,479	-936
impairment of goodwill from business combinations	5,208	6,907
non-taxable income (-) and non tax-deductible (+) expenses	1,571	1,732
associated companies accounted for using the equity method	-929	-1,389
revaluation of deferred taxes based on future tax rates	91	3,640
recognition of corporation tax credits	-	-14,406
other consolidation effects	-1,875	5,066
miscellaneous items	-682	579
Effective tax charge	**78,732**	**60,987**
Effective tax rate in %	31.7	34.7

The tax loss carryforwards at Group level in the amount of €11.2 million (previous year: €12.5 million) may be carried forward until fiscal 2011 or later. Loss carryforwards of €11.2 million (previous year: €12.5 million) were assessed as non-realizable. Due to lack of recoverability, a valuation allowance has been created for €3.7 million (previous year: €4.2 million) of deferred tax assets on loss carryforwards and €9.7 million (previous year: €5.2 million) of other deferred tax assets.

17. Earnings and Dividends per Share

Basic earnings per share are calculated by dividing the net income attributable to the shareholders of CLAAS KGaA mbH by the average number of shares. As CLAAS does not issue potential shares such as options or convertible bonds that would dilute earnings per share, basic and diluted earnings per share are identical.

		2008	2007
Net income attributable to the shareholders of CLAAS KGaA mbH	(in € '000)	168,025	114,844
Number of shares as of September 30	(in thousands)	3,000	3,000
Earnings per share	(in €)	56.01	38.28
Dividends per share	(in €)	8.32	6.50

The proposed final dividend for fiscal year 2008 is €8.32 per share.

18. Intangible Assets

in € '000	Concessions, industrial and similar rights and assets, and licenses in such rights	Goodwill	Payments made on account	Development costs recognized as an asset	Total
Historical cost					
Balance as of October 1, 2006	**34,164**	**73,596**	**-**	**169,421**	**277,181**
Currency translation	24	-	-	10	34
Changes in scope of consolidation	150	-	-	-	150
Additions	8,615	-	3,231	30,775	42,621
Disposals	623	4,075	-	276	4,974
Reclassifications	698	-	850	-42	1,506
Balance as of September 30, 2007	**43,028**	**69,521**	**4,081**	**199,888**	**316,518**
Currency translation	-29	-	-	-	-29
Changes in scope of consolidation	265	1,650	-	-	1,915
Additions	3,627	-	994	29,799	34,420
Disposals	487	-	-	-	487
Reclassifications	3,775	-	-3,685	-	90
Balance as of September 30, 2008	**50,179**	**71,171**	**1,390**	**229,687**	**352,427**
Amortization / impairment					
Balance as of October 1, 2006	**18,983**	**27,887**	**-**	**84,706**	**131,576**
Currency translation	18	-	-	8	26
Changes in scope of consolidation	30	-	-	-	30
Additions (amortization)	5,571	-	-	19,312	24,883
Additions (impairment)	271	18,176	-	4,661	23,108
Disposals	273	4,075	-	276	4,624
Reclassifications	172	-	-	-	172
Balance as of September 30, 2007	**24,772**	**41,988**	**-**	**108,411**	**175,171**
Currency translation	-19	-	-	-	-19
Changes in scope of consolidation	17	-	-	-	17
Additions (amortization)	6,047	-	-	20,228	26,275
Additions (impairment)	5,556	17,957	-	1,271	24,784
Disposals	417	-	-	-	417
Balance as of September 30, 2008	**35,956**	**59,945**	**-**	**129,910**	**225,811**
Net carrying amount					
Balance as of September 30, 2007	**18,256**	**27,533**	**4,081**	**91,477**	**141,347**
Balance as of September 30, 2008	**14,223**	**11,226**	**1,390**	**99,777**	**126,616**

Intangible assets are capitalized at cost when future economic benefits for the Group will probably result from their use, they can be reliably measured, and further capitalization criteria as set out in IAS 38 are met. If such assets have a finite useful life, they are amortized over their expected economic life on a straight-line basis. In other cases, annual impairment tests are performed in order to evaluate their recoverability.

The additions to intangible assets in the amount of €34.4 million primarily resulted from development costs recognized as an asset on the balance sheet. The ratio of development costs recognized as internally generated assets to total research and development costs (before recognition on the balance sheet) decreased from 28.1% to 26.2%. Despite the lower ratio, the amount of development costs recognized on the balance sheet increased to €99.8 million (previous year: €91.5 million). In contrast, research costs, amortization of capitalized development costs, and development costs that cannot be capitalized are expensed as incurred in the income statement under research and development expenses. In the year under review, research and development expenses amounted to €105.5 million (previous year: €102.8 million).

in € '000	2008	2007	%
Research and development costs (total)	113,777	109,623	+3.8
thereof: development costs recognized as an asset	29,799	30,775	-3.2
Amortization of development costs recognized as an asset	21,499	23,973	-10.3
Research and development expenses recognized in the income statement	**105,477**	**102,821**	**+2.6**
R&D capitalization ratio (in %)*	26.2	28.1	

* Proportion of capitalized development costs to total research and development costs (before capitalization)

Depending on the product group, the amortization period for capitalized development costs ranges from six to ten years. Concessions, industrial and similar rights and assets, and licenses in such rights are amortized over a period corresponding to the expected useful life, which ranges between three and ten years on average.

Impairments of concessions, industrial and similar rights and assets, and licenses in such rights were recognized in the Agricultural Equipment segment in the amount of €5.6 million (previous year: €0.0 million) related to patents and customer base. The impairment loss is recognized in the income statement under cost of sales.

The existing goodwill was subjected to an annual impairment test in the fiscal year. This led to total impairment losses on the goodwill of individual cash-generating units in the amount of €18.0 million (previous year: €18.2 million). The impairment loss recognized in the income statement was allocated to the Agricultural Equipment and Production Technology segments and was reported as other operating expenses.

For development costs recognized as an asset, impairment tests are performed on a case-by-case basis, i.e. when an indication of impairment exists. In some cases, the required impairment test led to impairment losses totaling €1.3 million (previous year: €4.7 million). The impairment relates to development projects in the Agricultural Equipment segment. The corresponding impairment losses were recognized in the income statement as research and development expenses.

The impairment losses resulted from reduced cash flow forecasts and market-related changes in the cost of capital. The forecast assumptions were adjusted to reflect current circumstances and future market expectations, which led to correspondingly lower values in use.

19. Property, Plant and Equipment

Total depreciation / impairment of €52.0 million (previous year: €54.2 million) was recorded on property, plant and equipment in fiscal year 2008, thereof €7.0 million (previous year: €7.8 million) as a result of impairment.

For property, plant and equipment, impairment tests are performed on a case-by-case basis, i.e. when an indication of impairment exists. In the Agricultural Equipment segment, impairment losses on buildings amounted to €4.4 million (previous year: €2.0 million), on property €2.5 million (previous year: €0.0 million), on technical equipment and machinery €0.1 million (previous year: €1.8 million), and on other plant, operating and office equipment €0.0 million (previous year: €0.2 million). In the Production Technology segment, the impairment test revealed no impairments (previous year: €3.8 million). These impairment losses were recognized in the income statement under cost of sales.

The net carrying amounts attributable to finance leases related in the previous year primarily to land and buildings classified as finance leases due to existing purchase options. These purchase options were exercised in the past fiscal year, resulting in a significant reduction in the net carrying amounts attributable to finance leases. The reclassification resulted in higher carrying amounts for land and buildings.

The Group's credit lines are secured by mortgages. The carrying amount of secured assets equaled €124.0 million (previous year: €101.5 million) in the reporting period.

As of September 30, 2008, contractual obligations to purchase items of property, plant and equipment amounted to €18.6 million (previous year: €9.5 million).

Property, Plant and Equipment

in € '000	Land, land rights and buildings including buildings on third-party land	Technical equipment and machinery	Other equipment, operating and office equipment	Payments on account and assets under construction	Finance leases	Total
Historical cost						
Balance as of October 1, 2006	**204,441**	**270,746**	**167,082**	**17,729**	**19,347**	**679,345**
Currency translation	-1,314	92	-322	36	-	-1,508
Changes in scope of consolidation	-1	-	-429	-	-	-430
Additions	5,178	22,480	14,591	16,172	376	58,797
Disposals	6,126	16,792	6,829	16	849	30,612
Reclassifications	4,056	19,638	-10,589	-15,288	-	-2,183
Balance as of September 30, 2007	**206,234**	**296,164**	**163,504**	**18,633**	**18,874**	**703,409**
Currency translation	-1,370	-278	-1,038	-138	-	-2,824
Changes in scope of consolidation	-	126	151	-	-	277
Additions	14,075	29,040	13,020	24,189	355	80,679
Disposals	4,140	13,820	9,727	271	458	28,416
Reclassifications	16,817	11,267	2,175	-13,991	-16,358	-90
Balance as of September 30, 2008	**231,616**	**322,499**	**168,085**	**28,422**	**2,413**	**753,035**
Depreciation / impairment						
Balance as of October 1, 2006	**78,854**	**207,722**	**126,247**	**-**	**5,773**	**418,596**
Currency translation	-797	-75	-186	-	-	-1,058
Changes in scope of consolidation	-	-	-355	-	-	-355
Additions (depreciation)	6,452	25,646	13,534	-	758	46,390
Additions (impairment)	2,000	5,341	461	-	-	7,802
Disposals	1,677	15,882	6,324	-	819	24,702
Reclassifications	606	9,265	-10,720	-	-	-849
Balance as of September 30, 2007	**85,438**	**232,017**	**122,657**	**-**	**5,712**	**445,824**
Currency translation	-345	-255	-603	-	-	-1,203
Changes in scope of consolidation	-	32	35	-	-	67
Additions (depreciation)	6,476	26,630	11,638	-	328	45,072
Additions (impairment)	6,872	99	-	-	-	6,971
Disposals	1,506	13,288	9,453	-	430	24,677
Reclassifications	2,995	901	-22	-	-3,874	-
Balance as of September 30, 2008	**99,930**	**246,136**	**124,252**	**-**	**1,736**	**472,054**
Net carrying amount						
Balance as of September 30, 2007	**120,796**	**64,147**	**40,847**	**18,633**	**13,162**	**257,585**
Balance as of September 30, 2008	**131,686**	**76,363**	**43,833**	**28,422**	**677**	**280,981**

20. Investments Accounted for Using the Equity Method and Other Investments

in € '000	Investments accounted for using the equity method	Other investments	Total
Historical cost			
Balance as of October 1, 2006	**27,417**	**1,264**	**28,681**
Currency translation	-126	-13	-139
Changes in scope of consolidation	200	-	200
Additions	9,936	32	9,968
Disposals	5,769	-	5,769
Balance as of September 30, 2007	**31,658**	**1,283**	**32,941**
Currency translation	-731	-30	-761
Additions	6,864	164	7,028
Disposals	2,703	20	2,723
Balance as of September 30, 2008	**35,088**	**1,397**	**36,485**
Impairment			
Balance as of October 1, 2006	**588**	**5**	**593**
Balance as of September 30, 2007	**588**	**5**	**593**
Additions	70	-	70
Balance as of September 30, 2008	**658**	**5**	**663**
Net carrying amount			
Balance as of September 30, 2007	**31,070**	**1,278**	**32,348**
Balance as of September 30, 2008	**34,430**	**1,392**	**35,822**

Additions to investments accounted for using the equity method relate to associated companies and also include their proportionate net income. Dividends received by associated companies are presented in the consolidated financial statements as disposals.

21. Trade Receivables and Other Receivables and Financial Assets

Trade Receivables

The fair value of trade receivables is in principle identical to their carrying amount. In the year under review, this was €233.2 million (previous year: €199.0 million). There is no substantial risk of default.

The average credit term for goods sold is 36 days. Generally, no interest is charged for the time to maturity. Afterwards, up to 11.2% p.a. is charged on any overdue amounts.

Other Current and Non-Current Receivables and Financial Assets

Other receivables and financial assets are analyzed as follows:

	Due			Due		
€ '000	within 1 year	after 1 year	Sept. 30, 2008	within 1 year	after 1 year	Sept. 30, 2007
Securities designated as at fair value through profit or loss	-	33,406	33,406	-	32,754	32,754
Other borrowings	-	882	882	-	719	719
Receivables from investments	2,924	-	2,924	970	-	970
POC receivables	52,046	-	52,046	33,991	-	33,991
Derivatives with a hedging relationship	1,092	-	1,092	6,532	-	6,532
Derivatives without hedging relationship	1,517	150	1,667	3,994	123	4,117
Prepaid expenses	3,713	-	3,713	6,511	-	6,511
Other assets	88,691	3,500	92,191	86,206	1,163	87,369
Other receivables and financial assets	**149,983**	**37,938**	**187,921**	**138,204**	**34,759**	**172,963**

Receivables from long-term construction contracts accounted for using the POC method are calculated as follows:

in € '000	Sept. 30, 2008	Sept. 30, 2007
Contract costs incurred	126,518	113,207
Recognized profits less recognized losses	11,287	9,418
Gross amount due from customers for contract work	**137,805**	**122,625**
Payments received on account	-85,759	-88,634
POC receivables	**52,046**	**33,991**

22. Inventories

Inventories are composed of the following:

in € '000	Sept. 30, 2008	Sept. 30, 2007
Raw materials and consumables	93,793	77,799
Work in progress	73,785	43,902
Finished goods and merchandise	321,141	294,854
Payments made on account	9,735	6,192
Payments received on account	-103,860	-79,705
Inventories	**394,594**	**343,042**

Materials costs of €2,023.6 million (previous year: €1,536.9 million) were recognized in the income statement as cost of sales. Impairment of inventories in the amount of €0.3 million (previous year: €0.6 million) was recognized in income. As in the previous year, no write-ups were offset against these impairment losses.

23. Securities

The current securities held by CLAAS are securities designated as at fair value through profit or loss as well as available-for-sale securities that are neither part of the trading portfolio nor held to maturity.

in € '000	Sept. 30, 2008	Sept. 30, 2007
Securities designated as at fair value through profit or loss	24,556	-
Available-for-sale securities	110,013	86,021
Held-to-maturity securities	-	587
Securities	**134,569**	**86,608**

The securities designated as "at fair value through profit or loss" are recognized in the income statement at their fair values. The fair values are based on market prices where these can be identified. Securities classified as "available for sale" are likewise stated at quoted market prices (where available). Unrealized losses in the amount of €-5.0 million (previous year: €-0.1 million) from available-for-sale securities are excluded from earnings and reported as a separate component of equity after taking into account the deferred taxes. In fiscal 2008, available-for-sale securities with a nominal value of €12.7 million (previous year: €48.0 million) were sold. This led to a transfer of changes in market value equaling €0.2 million (previous year: €0.1 million) from equity to the income statement. Available-for-sale securities with a total value of €9.7 million (previous year: €8.1 million) are pledged as collateral in order to meet the legal requirements of Section 8a of the German Partial Retirement Act (AltTZG).

24. Cash and Cash Equivalents

Cash and cash equivalents are composed of checks, cash on hand, and bank balances as well as money market funds that fulfill the strict criteria for classification as cash equivalents. As of the balance sheet date, cash and cash equivalents amounted to €581.6 million (previous year: €511.3 million).

The fair values of these assets are in principle identical to their carrying amounts. Cash and cash equivalents include proceeds from trade receivables sold under the ABS programs in the amount of €26.5 million (previous year: €37.6 million) that are not freely disposable and are to be transferred to other contracting parties (cash held in trust).

25. Additional Disclosures on Equity and the Consolidated Statement of Changes in Equity

Amounts reported as subscribed capital and capital reserves in the consolidated financial statements correspond to the amounts in the separate financial statements of CLAAS KGaA mbH. The subscribed capital of CLAAS KGaA mbH is composed of 3 million no-par-value registered shares with voting rights.

The general partner without capital contribution is Helmut Claas GmbH. All direct and indirect shareholders of the limited partnership, CLAAS KGaA mbH, are members of the Claas family.

Equity includes subordinated perpetual securities in the nominal amount of €80.0 million. CLAAS reported an equity value of €78.6 million for this equity instrument, net of issuance costs.

The statement of changes in equity is presented on page 69 of this report.

26. Financial Liabilities

Current and non-current financial liabilities are broken down as follows:

	Due			Due		
in € '000	within 1 year	after 1 year	Sept. 30, 2008	within 1 year	after 1 year	Sept. 30, 2007
Bond	-	139,470	139,470	-	140,974	140,974
Liabilities to insurance companies	1,500	1,500	3,000	1,550	3,000	4,550
Liabilities to banks	36,942	23,064	60,006	49,620	34,960	84,580
Shareholder loans	27,258	35,178	62,436	22,429	26,980	49,409
Liabilities arising from present ownership interests	-	-	-	-	31,313	31,313
Lease payables	250	466	716	797	12,647	13,444
Financial liabilities	**65,950**	**199,678**	**265,628**	**74,396**	**249,874**	**324,270**

"Bond" refers to a private placement in December 2002 in the amount of 200.0 million US dollars.

The shareholder loans refer primarily to liabilities to shareholders of the limited partnership.

The call and put options for the remaining 20% of the shares in RENAULT Agriculture S.A.S. were exercised as of June 26, 2008, upon which the company was renamed CLAAS Tractor S.A.S. In terms of economic benefits, these shares represented a present ownership interest, meaning that they were reported at market value under liabilities. Formal acquisition of the shares as of June 26, 2008 resulted in repayment of the liabilities.

The lease liabilities attributable to the previous year primarily relate to a finance lease for the use of a goods distribution center. Now that the share purchase option has been exercised, this finance lease no longer exists and lease payables have declined significantly.

The market values and principal amounts of the bond and the loans granted by banks and insurance companies are as follows:

	Sept. 30, 2008		Sept. 30, 2007	
in € million	Principal amount	Market value	Principal amount	Market value
Bond	139.5	151.7	141.0	148.8
Liabilities to banks and insurance companies (including difference in market value)	21.7	22.1	26.9	27.7
Liabilities to banks and insurance companies (not including difference in market value)	41.3	41.3	62.2	62.2
Total	**202.5**	**215.1**	**230.1**	**238.7**

The bond (maturing between 2010 and 2014) carries a coupon of 5.76% p.a., while the liabilities to banks and insurance companies have interest rates of 1.0% to 6.0% p.a. and will mature between 2008 and 2013.

Liabilities to insurance companies in the amount of €3.0 million (previous year: €4.6 million) and liabilities to banks in the amount of €4.6 million (previous year: €12.7 million) are secured by real estate liens. In addition, the CLAAS Group has other collateral assignments for liabilities to banks in the amount of €28.4 million (previous year: €33.0 million).

Silent partnership

The silent partnership of the employee participation company, CLAAS Mitarbeiterbeteiligungs-Gesellschaft mbH (CMG), is compensated on the basis of performance and is considered subordinated in the event of liability. Pursuant to IFRS, any repayable capital transferred is classified as a financial liability.

In return for its subordinated capital contribution, CMG receives compensation that is based on the performance of the CLAAS Group. CMG also shares in any Group losses. A total of €2.4 million of the silent partnership can be terminated as of September 30, 2009; additional termination rights for €6.4 million apply between 2010 and 2013.

27. Trade Payables and Other Liabilities

Trade Payables

The fair value of trade payables is in principle identical to their carrying amounts. In the year under review, this was €156.7 million (previous year: €119.5 million).

Other Current and Non-Current Liabilities

	Due			Due		
in € '000	within 1 year	after 1 year	Sept. 30, 2008	within 1 year	after 1 year	Sept. 30, 2007
Liabilities from bills of exchange accepted and drawn	18,471	-	18,471	23,473	-	23,473
Payments received on account	14,591	-	14,591	4,304	-	4,304
Liabilities to investments	13,049	-	13,049	7,379	-	7,379
Derivatives with a hedging relationship	4,113	60,216	64,329	-	65,839	65,839
Derivatives without hedging relationship	5,318	1,238	6,556	1,004	934	1,938
Miscellaneous liabilities	72,926	1,239	74,165	78,496	1,258	79,754
Other liabilities	**128,468**	**62,693**	**191,161**	**114,656**	**68,031**	**182,687**

Other liabilities include financial guarantees in the amount of €0.1 million (previous year: €0.1 million). The maximum risk in the event of utilization amounts to €8.9 million (previous year: €9.8 million). The fair value was calculated as of the date of addition using the "expected value" method, taking into account credit risk reductions (liquidation proceeds) and risks that could arise on the basis of default probabilities ranging from 1% to 10% (previous year: 1% to 5%).

28. Pension Provisions and Similar Obligations

CLAAS maintains several defined benefit pension plans for the purpose of providing retirement benefits. These consist primarily of direct commitments to employees in Germany and, to a lesser extent, to employees in France, Italy, and India. There are also three funded plans in Germany, two funded plans in France, and one funded plan in the United Kingdom.

Retirement benefits for persons employed in Germany include both defined benefit pension plans and defined contribution pension plans. Expenses for these plans amounted to €0.2 million in fiscal 2008 (previous year: €0.1 million).

For employees in the USA, retirement benefits are provided on the basis of contributions to pension funds. After paying these contributions, CLAAS has no further benefit obligations. The sum of the defined contribution pension expenses amounted to €0.3 million in fiscal 2008 (previous year: €0.3 million).

Under the defined benefit pension plans implemented at CLAAS, the Company undertakes to comply with its pension obligations towards active and former employees. The pension provision that covers benefit obligations under defined benefit plans also includes pension fund obligations and is reduced by the amount of the fund assets. Fund surpluses, if any, are capitalized as other assets, while fund deficits are shown as a liability under pension provisions. Pension provisions are recorded for obligations from vested rights and current benefits on behalf of eligible active and former employees and their surviving dependants. Obligations relate primarily to retirement pensions, which are paid in part as basic and in part as supplementary benefits. Pension obligations are normally based on the employees' length of service and remuneration levels.

Pension obligations are calculated using actuarial valuation methods in accordance with the projected unit credit method. This method not only takes into account pensions and accrued vested rights known as of the balance sheet date, but also anticipated future salary and pension increases. The plan assets are measured as of September 30. The cut-off date for the other plans is also September 30. The obligations are calculated using the "corridor approach": the cumulative unrecognized actuarial gains or losses as of the end of the previous reporting period that exceed the greater of 10% of the present value of the defined benefit obligation (before deducting plan assets) or 10% of the fair value of any plan assets are distributed over the expected average remaining working lives of the employees participating in the plan.

In the year under review, calculations were based on a discount rate of 5.8% (previous year: 5.15%), future salary increases of 3.0% (previous year: 3.0%), and pension increases of 2.0% (previous year: 1.5%). These assumptions relate to employees working in Germany, for whom the predominant part of the pension obligations exists. Different country-specific assumptions must be used for employees engaged in other countries.

With regard to the fund-financed obligations of the British subsidiary CLAAS Holdings Ltd., the company's investment guidelines are adhered to when investing plan assets. Accordingly, an excess of fund assets over defined benefit obligations should be permanently maintained, and unnecessary fluctuations in contributions to plan assets are to be avoided. With respect to investment strategy, the focus is on sufficient diversification in order to distribute investment risk over a variety of markets and asset classes. Plan assets are managed by a trust association – which consists of CLAAS Holdings Ltd. employees – under a trust agreement. The trust association has delegated operational investment decisions to a fund manager. All strategic investment decisions are made by the trust association independently of the employer. Plan assets are divided into equity portfolios and bond portfolios. The allocation of assets is kept within specific investment ranges with respect to type of investment and geographical market. In the year under review and in the previous year, the main focus of investment was on United Kingdom securities.

Pension obligations recognized in the balance sheet changed as follows:

in € '000	Sept. 30, 2008	Sept. 30, 2007
Present value of funded benefit obligations	35,219	44,375
less fair value of plan assets	-37,335	-48,976
Funded status of funded benefit obligations	**-2,116**	**-4,601**
Present value of unfunded benefit obligations	155,155	160,835
Unrecognized past service (cost) / return	-1,746	2,981
Unrecognized actuarial (losses) / gains	14,810	3,820
Unrecognized amount due to asset ceiling as defined in IAS 19	6	2
Net pension liability recognized in the balance sheet	**166,109**	**163,037**
thereof: provisions for pensions	166,588	163,037
thereof: other assets	-479	-

The present value of funded and unfunded benefit obligations changed as follows:

in € '000 / fiscal year	2008	2007
Benefit obligations as of October 1	**205,210**	**210,602**
Current service cost	5,883	7,128
Interest cost	10,434	10,154
Past service cost / (return)	4,396	1,825
Actuarial losses / (gains)	-20,367	-14,230
Losses / (gains) from plan curtailments	-96	-
Actual pension payments	-10,792	-9,439
Currency translation	-4,723	-1,225
Other	429	395
Benefit obligations as of September 30	**190,374**	**205,210**

In fiscal 2009, pension payments of €8.2 million are anticipated.

The following table shows the change in fair value of plan assets:

in € '000 / fiscal year	2008	2007
Fair value of plan assets as of October 1	**48,976**	**43,962**
Expected return / (loss) on plan assets	3,139	3,079
Actuarial (losses) / gains	-8,388	3,414
Employer contributions	846	915
Employee contributions	423	457
Actual pension payments	-1,541	-1,222
Currency translation	-5,542	-1,441
Settlement	-578	-
Other	-	-188
Fair value of plan assets as of September 30	**37,335**	**48,976**

In fiscal 2009, the employer contribution to plan assets is expected to amount to €0.8 million.

Plan assets are composed of the following:

in %	Sept. 30, 2008	Sept. 30, 2007
Equities	65.2	69.5
Bonds	19.2	15.6
Cash and cash equivalents	12.2	9.9
Other	3.4	5.0

The weighted long-term return on investment of the funds is expected to amount to 7.1% (previous year: 7.2%) and is primarily attributable to the funded plan in the United Kingdom. The return on plan assets is calculated separately depending on investment category. For the equity portfolio, the current dividend yield of the FTSE All Share Index plus the inflation rate and the long-term real dividend growth rate is used (8.0%). For the bond portfolio, return targets are based on a discount factor of 4.7%. This factor is established by using an index of corporate bonds quoted in pounds sterling with AA ratings and terms of at least 15 years. For cash and cash equivalents, a short-term money market interest rate is used (5.0%).

Pension expenses for funded and unfunded plans are analyzed as follows:

in € '000	2008	2007
Current service cost	5,883	7,128
Interest cost	10,434	10,154
Recognized past service cost / (return)	-332	-418
Recognized actuarial losses / (gains)	-128	221
Losses / (gains) from plan curtailments	-96	-
Settlement losses / (gains)	578	-
Expected return on plan assets	-3,139	-3,079
Other pension expenses	-	1
Pension expense	**13,200**	**14,007**

Pension provisions are derived from unfunded pension obligations and the deficit in funded pension obligations:

in € '000	Sept. 30, 2008	Sept. 30, 2007
Provisions for unfunded benefit obligations	163,018	159,434
Deficit related to funded benefit obligations	3,570	3,603
Other financial assets	-479	-
Net pension liability recognized in the balance sheet	**166,109**	**163,037**

The following table depicts adjustments made from experience, i.e. the effects of differences between the expected pension obligations and plan assets based on previous actuarial assumptions and those actually incurred.

in € '000	Sept. 30, 2008	Sept. 30, 2007	Sept. 30, 2006
Present value of benefit obligations	190,374	205,210	210,602
thereof: effects of differences	(11,603)	(-1,636)	(-618)
Fair value of plan assets	37,335	48,976	43,962
thereof: effects of differences	(-8,091)	(3,466)	(932)
Funded status	153,039	156,234	166,640

29. Income Tax Provisions and Other Provisions

Income tax provisions and other provisions changed as follows in fiscal 2008:

		Other provisions				
in € '000	Income tax provisions	Employee benefits	Obligations arising from sales	Miscel-laneous	Total other provisions	Total
Balance as of October 1, 2007	**29,429**	**118,657**	**174,154**	**36,132**	**328,943**	**358,372**
Changes in scope of consolidation	-33	157	130	-1	286	253
Utilization	15,332	76,060	111,326	6,492	193,878	209,210
Reversals	1,435	7,771	24,244	9,599	41,614	43,049
Additions	42,402	110,429	215,110	12,072	337,611	380,013
Interest	-	-	1	72	73	73
Currency translation	-268	-381	-629	-336	-1,346	-1,614
Other changes	59	6	6,617	-6,763	-140	-81
Balance as of September 30, 2008	**54,822**	**145,037**	**259,813**	**25,085**	**429,935**	**484,757**
thereof: non-current	-	31,066	15,790	3,360	50,216	50,216
thereof: current	54,822	113,971	244,023	21,725	379,719	434,541

A total of €22.7 million (previous year: €12.8 million) of the reversals is reported as functional costs.

Employee benefits mainly comprise provisions for part-time retirement programs, outstanding vacation time, anniversaries, and annual bonuses. Obligations arising from sales primarily relate to provisions for warranty claims, sales bonuses and rebates, and other sales-generating measures. The provision requirement for special inspections is calculated centrally in accordance with uniform principles. The computation takes into account parameters such as assembly programs, unit numbers, and costs of materials and assembly per machine. Provisions for warranties are calculated based on average historical cost per machine type.

30. Contingent Liabilities and Other Financial Obligations

Minimum lease payments become due as follows:

in € '000	Finance leases	Operating leases
Due within 1 year	291	21,617
Due within 1 to 5 years	549	29,613
Due after 5 years	31	3,910
Principal amount of minimum lease payments	**871**	**55,140**
Interest	155	
Present value of the minimum lease payments	**716**	

Rental and lease expenses amounted to €16.5 million in fiscal year 2008 (previous year: €13.8 million). Lease payments received under non-cancelable sublease agreements amounted to €16.7 million as of the reporting date, and proceeds from future minimum lease payments amount to €13.5 million.

Finance lease and operating lease commitments arise predominantly from lease programs under which CLAAS agricultural machines have been leased from CLAAS Leasing GmbH and subleased to end customers.

No provisions were recognized for the contingent liabilities from bills of exchange, which are stated at their nominal amount of €17.1 million (previous year: €16.7 million) since the likelihood of risk is considered low.

As of September 30, 2008, other financial commitments amounted to €3.3 million (previous year: €5.6 million).

31. Financing Commitments

As of the reporting date, the CLAAS Group had received the following financing commitments:

	Term				Term			
in million €	less than 1 year	1 to 5 years	more than 5 years	Sept. 30, 2008	less than 1 year	1 to 5 years	more than 5 years	Sept. 30, 2007
Bond	-	83.7	55.8	139.5	-	56.4	84.6	141.0
Syndicated loans	-	-	250.0	250.0	-	-	250.0	250.0
Credit facilities from banks and insurance companies	278.3	33.0	5.6	316.9	272.0	45.9	9.6	327.5
Financing commitments	**278.3**	**116.7**	**311.4**	**706.4**	**272.0**	**102.3**	**344.2**	**718.5**

32. Asset-Backed Securities

During fiscal 2008, CLAAS sold trade receivables on a revolving basis up to a maximum volume of €230.7 million (previous year: €251.0 million) in connection with ABS programs. Due to seasonal fluctuations, the volume of receivables sold varies during the course of the year. At the end of the fiscal year, the volume of the receivables sold amounted to €105.7 million (previous year: €127.8 million). The receivables sold under the ABS program in the USA and Europe are derecognized in accordance with IAS 39.18b, since CLAAS assumes a contractual obligation to pay the cash flows received (“pass-through arrangement”).

Within the scope of the ABS transactions, CLAAS performs bookkeeping, receivables collection, and dunning services and receives a service fee in the amount of €0.2 million from one of the special purpose entities (previous year: €0.2 million).

The partially retained risk of default leads to a continuing involvement in accordance with IAS 39 and hence to a proportional derecognition of the receivables. The assets resulting from the continuing involvement of the CLAAS Group amounted to €10.6 million as of September 30, 2008 (previous year: €10.8 million). The liabilities to banks related to the ABS programs amounted to €26.5 million (previous year: €37.6 million).

33. Additional Disclosures on Financial Instruments

Carrying Amounts and Fair Values

The following table shows the carrying amounts and fair values of the Group's financial instruments.

		Sept. 30, 2008		Sept. 30, 2007	
in € '000		Carrying amount	Fair value	Carrying amount	Fair value
Financial assets at fair value through profit or loss					
Current securities designated as at fair value through profit or loss	(23)	24,556	24,556	-	-
Non-current securities designated as at fair value through profit or loss	(21)	33,406	33,406	32,754	32,754
Derivatives without hedging relationship	(21)	1,667	1,667	4,117	4,117
Held-to-maturity investments					
Held-to-maturity securities	(23)	-	-	587	587
Loans and receivables					
Trade receivables	(21)	233,210	233,210	199,015	199,015
Other borrowings	(21)	882	882	719	719
Receivables from investments	(21)	2,924	2,924	970	970
Other assets*	(21)	56,367	56,367	64,181	64,181
Cash and cash equivalents	(24)	581,640	581,640	511,333	511,333
Available-for-sale financial assets					
Available-for-sale securities	(23)	110,013	110,013	86,021	86,021
Other investments	(20)	1,392	1,392	1,278	1,278
Derivatives with a hedging relationship	(21)	1,092	1,092	6,532	6,532
Financial assets		**1,047,149**	**1,047,149**	**907,507**	**907,507**
Financial liabilities at fair value through profit or loss					
Derivatives without hedging relationship	(27)	6,556	6,556	1,938	1,938
Financial liabilities measured at amortized cost					
Financial liabilities (excluding lease payables)	(26)	264,912	277,566	310,827	319,395
Silent partnership	(26)	23,762	23,762	22,204	22,204
Trade payables	(27)	156,729	156,729	119,519	119,519
Liabilities from bills of exchange accepted and drawn	(27)	18,471	18,471	23,473	23,473
Liabilities to investments	(27)	13,049	13,049	7,379	7,379
Other liabilities*	(27)	35,622	35,622	46,125	46,125
Lease payables	(26)	716	716	13,444	13,444
Derivatives with a hedging relationship	(27)	64,329	64,329	65,839	65,839
Financial liabilities		**584,146**	**596,800**	**610,748**	**619,316**

* Only financial assets and financial liabilities have been included in "other assets" and "other liabilities" for the purpose of conforming to the IAS 39 categories.

The fair values of trade receivables, other borrowings, receivables from investments, other assets, trade payables, liabilities from bills of exchange accepted and drawn, and liabilities to investments correspond more or less to their carrying amounts. The main reason for this is the short time to maturity of these instruments.

The financial instruments designated as financial assets or financial liabilities at fair value through profit or loss, and available-for-sale financial assets are measured and recognized at fair value. Other investments designated as available-for-sale financial assets are not measured at fair value as their cash flows cannot be reliably determined, and the fair value cannot be derived on the basis of comparable transactions. These investments are not material in view of the Group's overall holdings. Other investments comprise shares in corporations not listed on a stock exchange and upon which CLAAS KGaA mbH does not have significant influence. It is not planned to sell these investments in the near future. With regard to the silent partnership, the fair value cannot be reliably determined.

Net Gains and Losses

The net gains and losses of the financial instruments recognized in the income statement are shown in the following table, broken down into the IAS 39 categories.

in € '000	2008	2007
Financial assets or financial liabilities at fair value through profit or loss		
Securities designated as at fair value through profit or loss	992	2,822
Derivatives without hedging relationship	-8,838	1,994
Held-to-maturity investments	-	-
Loans and receivables	-3,425	4,235
Available-for-sale financial assets	-5,273	-846
Financial liabilities measured at amortized cost	-370	-831

The net gains and losses of financial assets or financial liabilities at fair value through profit or loss include exchange gains and losses, gains or losses arising from a change in fair value, and gains or losses from the disposal of the asset.

Net gains and losses of held-to-maturity investments are made up of exchange gains and losses, impairment, write-ups, and gains or losses from the disposal of the investment.

For loans and receivables, the net gains and losses include exchange gains and losses, impairment, write-ups, gains or losses from sale of the loan or receivable, and gains or losses from the reversal of previously recognized impairment losses on debt instruments.

The net gains and losses of available-for-sale financial assets contain exchange gains and losses, gains or losses from the disposal of the asset, impairment recognized in profit or loss, and any write-ups. The net gains and losses from available-for-sale financial assets recognized directly in equity are reported in Note 23.

The net gains and losses of financial liabilities measured at amortized cost arise from exchange gains and losses or from derecognition of the liability.

34. Financial Risk Management

Principles of Risk Management

As a result of its business activities, the CLAAS Group is exposed to market price risk, particularly exchange rate and interest rate risk. The Group is also exposed to commodity risk on the procurement side. Moreover, credit risk arises on trade receivables in particular, though also from receivables relating to finance transactions such as investment of cash and cash equivalents or acquisition of securities. Liquidity risk can result from a significant decline in operating business performance or as a result of the risk categories mentioned above.

All market price risks are identified for the entire Group and measured, monitored, and managed centrally by Group Treasury. Systematic, central currency and interest rate management is undertaken in order to limit and control exchange rate and interest rate risk. In addition to operating measures to limit risk, all of the usual financial instruments, including derivatives, are used to manage risk. All transactions are concluded exclusively on the basis of existing underlying transactions or specifically planned transactions and are renewed on a rolling basis as required. All business partners are either German or international banks of top credit quality.

Credit risk is identified, monitored, and managed for the entire Group by the relevant decentral units, supplemented by Group credit management. The local units focus their activities on operational monitoring and management of the respective risks in consideration of the locally adapted parameters specified by Group credit management. Group credit management establishes general guidelines, which form the basis for monitoring and managing the locally supervised transactions.

Since the management and the supervisory bodies of CLAAS attach great importance to systematic risk management, a comprehensive monitoring system that meets all legal requirements has been implemented. In this context, the efficiency of the hedging instruments used and the reliability of the internal control systems are regularly checked by means of internal and external reviews.

CLAAS pursues strict risk management. Derivative financial instruments are used exclusively for risk management purposes, i.e. to limit and govern risk related to business operations. The execution, control, and recording of transactions are strictly segregated in terms of physical and organizational function. Levels of discretion in trading in terms of both amount and content are defined in internal guidelines. In the finance area, risk positions are continuously evaluated and analyzed by means of suitable systems. The analysis includes simulations and scenario calculations. The competent executive bodies are informed regularly of risk exposure. Certain finance management transactions must be approved by the Group Executive Board and / or the shareholder committee.

Credit Risk

CLAAS is exposed to credit risk resulting from its business operations and finance activities. This risk entails the danger of unexpected economic loss in the event that a counterparty does not fulfill its payment obligations. Credit risk comprises both the direct risk of default as well as the risk of a downgrade in credit rating in combination with the threat of a concentration of individual risks. The maximum risk arising from a financial asset corresponds to the carrying amount of the asset.

Effective monitoring and management of credit risk is a basic component of the risk management system at CLAAS. Group credit management already defined principles for managing credit risk across the Group several years ago. CLAAS internally reviews and rates the credit quality of all customers with credit needs exceeding certain limits. In addition to the contract documents submitted by the customer, the data for review and classification of credit quality is based on information from external credit rating agencies, previous default experience on the part of CLAAS, and experience resulting from longstanding business partnership with the customer. CLAAS uses internal guidelines to manage credit risk arising from trade receivables. The risk of default is taken account of through allowance accounts used to record individual or portfolio-based impairments. The portfolio is analyzed on an ongoing basis in order to ensure that any concentration of risk is identified and assessed promptly. No single client exceeded the level of 3.8% (previous year: 2.5%) of the Group’s total trade receivables.

There were no indications either during the course of the fiscal year or as of the balance sheet date that the obligors of trade receivables – which are neither impaired nor past due – would not meet their payment obligations. According to an internal review of credit quality, 96.6% (previous year: 98.2%) of trade receivables are classified as low risk.

The following table contains information on credit risk arising on trade receivables.

in € '000	Sept. 30, 2008	Sept. 30, 2007
Neither past due nor impaired	199,718	153,989
Not impaired but past due as per the following time frames		
up to 30 days	17,855	20,213
31 to 60 days	4,761	7,263
61 to 90 days	2,900	3,410
more than 90 days	4,560	9,871
Trade receivables adjusted individually for impairment	3,182	3,563
Finance lease receivables	234	706
Trade receivables	**233,210**	**199,015**

The collateral held for the purpose of minimizing potential credit risk consists primarily of credit insurance, guarantees from customers or banks, and, in some cases, retentions of title. CLAAS mostly has set aside collateral for trade receivables past due or impaired. These consist mainly of credit insurance, guarantees, and renewed retentions of title. As in the previous year, in fiscal 2008 no collateral was called on.

The carrying amount of renegotiated receivables amounted to €6.0 million (previous year: €3.4 million) as of the balance sheet date. The amount of interest income received on impaired financial assets was insignificant.

The following table shows the change in impairment of trade receivables.

in € '000	2008	2007
Impairment as of October 1	**11,042**	**10,189**
Utilization	668	704
Reversal of / Addition to impairment loss, net	-502	1,718
Currency translation	-16	-161
Impairment as of September 30	**9,856**	**11,042**

The Group is subject to credit risk in connection with investments in cash and cash equivalents and securities based on the risk of the obligor or issuer not meeting its payment obligations. In order to minimize this risk, issuers and obligors are carefully selected. The majority of cash and cash equivalents consists of exposures with at least an A- rating (pursuant to the Standard & Poor's categories). Investments are widely diversified to further limit the risk of default. Default risk is continuously monitored using a rating-based limit system. Each year, the competent executive bodies of the CLAAS Group approve the basic investment strategy and the limit system.

Derivative contracts are concluded for risk management purposes. The derivatives are either measured individually at fair value or included in hedge accounting. The maximum credit risk arising from derivative financial instruments corresponds to the positive fair value of the instrument. Nearly all counterparties are internationally operating banks. The credit quality of the counterparties is continuously reviewed on the basis of the Standard & Poor's, Moody's, or Fitch credit ratings. Moreover, the risk of default is limited by engaging in a strategy of broad diversification.

Liquidity Risk

The CLAAS Group employs a number of measures to effectively meet liquidity risk. In so doing, liquidity management places top priority on the absolute necessity of ensuring solvency at all times. Liquidity management also aims for a comfortable and cost-efficient liquidity position that will allow the Group to react adequately to opportunities in a dynamic market environment. To meet these goals, value is placed on maintaining sufficient financing commitments (see Note 31) and cash and cash equivalents (see Note 24) as well as on the ABS programs (see Note 32) and international cash management. Future liquidity requirements are projected on a regular basis as part of the financial planning process. This process consists of a rolling three-month forecast, an annual forecast, and a five-year forecast. In addition, the situation with regard to financing conditions for CLAAS on the financial markets is monitored on an ongoing basis to enable any refinancing risk to be countered promptly and proactively.

The following table gives an overview of undiscounted payment obligations from liabilities due in the coming fiscal years.

in € '000 / September 30, 2008	2009	2010	2011	2012	2013	from 2014	Total
Financial liabilities	81,889	16,493	40,786	38,641	35,997	97,390	311,196
Silent partnership	2,375	1,229	1,370	1,452	2,361	14,975	23,762
Trade payables	156,729	-	-	-	-	-	156,729
Liabilities from bills of exchange accepted and drawn	18,471	-	-	-	-	-	18,471
Liabilities to investments	13,049	-	-	-	-	-	13,049
Derivatives without hedging relationship	5,318	198	20	-	1,020	-	6,556
Derivatives with a hedging relationship	7,660	3,548	15,299	14,590	13,880	25,631	80,608
Other liabilities*	34,383	62	-	-	-	1,177	35,622
Payments due	**319,874**	**21,530**	**57,475**	**54,683**	**53,258**	**139,173**	**645,993**

in € '000 / September 30, 2007	2008	2009	2010	2011	2012	from 2013	Total
Financial liabilities	91,966	23,275	17,057	73,724	40,428	146,697	393,147
Silent partnership	2,289	1,196	1,246	1,388	1,473	14,612	22,204
Trade payables	119,519	-	-	-	-	-	119,519
Liabilities from bills of exchange accepted and drawn	23,473	-	-	-	-	-	23,473
Liabilities to investments	7,379	-	-	-	-	-	7,379
Derivatives without hedging relationship	1,004	82	-	-	-	852	1,938
Derivatives with a hedging relationship	3,461	3,461	3,461	14,921	14,228	38,530	78,062
Other liabilities*	44,866	57	-	-	-	1,202	46,125
Payments due	**293,957**	**28,071**	**21,764**	**90,033**	**56,129**	**201,893**	**691,847**

* Only financial liabilities have been included in "other liabilities" for the purpose of providing information pursuant to IFRS 7.

Market Risk

Currency risk

Due to the international scope of its business activities, the CLAAS Group is subject to currency risk. Currency risk is incurred primarily in the course of carrying out operating business activities as well as in connection with finance transactions and capital expenditure. Exchange rate fluctuations may therefore lead to undesired and unforeseeable volatility in earnings or cash flows. To effectively counter the effect of exchange rate fluctuations, CLAAS pursues central currency management under the purview of the Group Treasury department. Operational transaction risk traditionally arises when the currency in which sales are realized differs from the currency in which the costs are incurred. At CLAAS, currency risk arises mainly with respect to US dollars, Hungarian forints, and British pounds against the euro as the Group's presentation currency.

To calculate the total risk exposure, the estimated operating inflows and outflows are recorded centrally for each currency on a fiscal-year basis. A basic hedging strategy is developed for the resulting net exposures in consideration of risk-bearing capacity and the market situation. The hedging strategy is intended to protect the Group from negative market developments, while enabling the Group to participate in positive developments. The hedge horizon is typically between one and two years. The hedging strategy is approved by the competent executive body of the CLAAS Group and implemented by the Group Treasury department through the conclusion of financial derivative contracts. The hedging strategy implemented is monitored continuously by Group Treasury and adapted as needed. Group management and the competent executive body receive regular reports informing them of the current status of the currency risk position.

Financing-related and investment-related currency risks are – insofar as possible and appropriate – integrated into the forecasts of operating exposure. Alternatively, these risks may be hedged individually on a case-by-case basis.

The following scenario analysis indicates the value of the derivative portfolio used to hedge currency risk in the event of a 10% increase or 10% decrease in the value of the hedging portfolio in comparison with the actual exchange rates on the balance sheet date. The figures are presented separately depending on whether the items are recognized in equity (via hedge accounting) or at fair value through profit or loss. The (future) underlying items that the derivative portfolio is intended to hedge are not included in the presentation pursuant to IFRS 7. Any conclusions made on the basis of the information presented here relate exclusively to derivative financial instruments. The values stated are not meaningful for determining the overall future effect of exchange rate fluctuations on the cash flows or earnings of the CLAAS Group. In addition to the analysis made here of the fair value risk inherent in currency derivatives, internal risk management and the information provided regularly to the competent executive bodies are based above all on meaningful scenario analyses of the total risk position, which take account of both the underlying items and the hedge portfolio.

	Sept. 30, 2008		Sept. 30, 2007	
in € '000	Equity	Profit or loss	Equity	Profit or loss
Actual fair value	**-63,236**	**-3,806**	**-59,485**	**3,023**
Fair value in the event of an exchange rate increase of 10%	**-63,777**	**6,342**	**-60,307**	**11,626**
USD	-71,693	6,187	-70,325	12,114
GBP	10,252	3,088	11,155	321
HUF	-2,336	-2,882	-1,137	-769
Other	-	-51	-	-40
Fair value in the event of an exchange rate decrease of 10%	**-59,594**	**-19,641**	**-55,392**	**-7,455**
USD	-54,298	-15,607	-52,679	-7,202
GBP	-7,623	-5,805	-4,148	-1,702
HUF	2,327	802	-1,435	886
Other	-	969	-	563

In addition to transaction-based currency risk, currency translation risk arises from assets and liabilities of subsidiaries outside of the euro region. Balance sheet items are translated from the local currency of the subsidiary into euros, the Group's presentation currency, as part of the consolidation process. Exchange rate fluctuations may lead to changes in value that are recognized in Group equity. Although these long-lasting effects are calculated and analyzed on an ongoing basis, they are generally not hedged as the items are of a permanent nature.

Interest rate risk
CLAAS is generally exposed to interest rate risk on assets and liabilities. Such risk may arise on financial instruments such as bonds or liabilities to banks or due to the effects of interest rate changes on operating and strategic liquidity. Transactions relating to initial capital procurement and capital investment as well as the subsequent management of the positions in line with targets such as maturity date and the length of time for which interest rates are fixed are undertaken centrally for the entire Group by the Treasury department, in coordination with the competent executive bodies. Interest rate derivatives are also used to manage risk. These positions are recognized at their fair values and continuously monitored on a fair value basis. The resulting risk is measured by means of value-at-risk analyses, among other things.

Value at risk is measured using Monte Carlo simulation, assuming a confidence level of 99% and a holding period of 10 days. The resulting figure represents the loss in market value of the portfolio of all interest-sensitive instruments, with a probability of only 1% that the figure obtained will be exceeded after 10 days. Currency derivatives are not included, as any interest-related changes they may be exposed to are insignificant. As of the balance sheet date, the value at risk of all interest-sensitive financial instruments amounted to €1.7 million (previous year: €0.7 million).

Commodity price risk
CLAAS is subject to the risk of changes in commodity prices arising from the procurement of input materials. To a minor extent, derivative financial instruments are used to hedge the risk of changes in the price of industrial metals. The net fair value of commodity derivatives amounted to €-0.1 million at the balance sheet date (previous year: €-0.1 million). The resulting risk is thus insignificant, for which reason the risk ratios have not been presented here.

35. Derivative Financial Instruments and Hedge Accounting

CLAAS uses financial derivatives for risk management purposes (see Note 34). Currency hedging transactions serve to hedge receivables and payables denominated in foreign currencies and planned future transactions. Where possible, items are netted out. Interest rate derivatives serve to hedge the interest rate risk inherent in asset and liability positions. In addition, derivatives are also used to a limited extent to hedge the risk of increasing commodity prices. The commodity derivatives used serve primarily to hedge against price fluctuations in industrial metals.

For the purposes of hedge accounting, some of the derivatives are classified as cash flow hedges. These are used to hedge against variable future cash flows from long-term liabilities with terms extending until 2014 as well as future sales denominated in foreign currency with terms of generally 12 months, and in no case more than 18 months. Changes in the fair value of these derivatives are recorded in equity. In fiscal 2008, €-2.5 million was recorded in equity (previous year: €-1.0 million). Reclassification to the income statement was undertaken in the amount in which the underlying transaction was realized in the period under review. The reclassification was made to foreign exchange gains and losses. In fiscal 2008, €-3.8 million (previous year: €0.4 million) was transferred to “other financial result” based on currency hedging transactions. In the year under review, no hedge ineffectiveness on cash flow hedges with options (time value portion) was recognized in profit or loss (previous year: €0.3 million).

The following table includes both derivatives for which hedge accounting was applied and those for which the application of hedge accounting was waived in accordance with IAS 39. The derivative financial instruments are recognized at the following fair values (fair values and carrying amounts are thus equivalent):

	Sept. 30, 2008		Sept. 30, 2007	
in € ’000	Fair value of assets	Fair value of liabilities	Fair value of assets	Fair value of liabilities
Forward exchange transactions	326	4,113	3,938	-
Foreign currency options	766	-	2,594	-
Other currency hedging instruments	-	60,216	-	65,839
Derivatives with a hedging relationship	**1,092**	**64,329**	**6,532**	**65,839**
Derivatives without hedging relationship	**1,667**	**6,556**	**4,117**	**1,938**
Total	**2,759**	**70,885**	**10,649**	**67,777**

36. Management of Capital

At CLAAS, the management of capital is governed by provisions of corporate law. The capital under management corresponds to the equity recognized in the consolidated balance sheet. The aim of capital management is to achieve an adequate equity-to-assets ratio.

Should it be necessary to comply with contractual provisions, the capital will in addition be managed in accordance with the relevant requirements.

37. Additional Disclosures on the Consolidated Statement of Cash Flows

The consolidated statement of cash flows comprises cash flows from operating activities, investing activities, and financing activities. Effects of changes in the scope of consolidation have been eliminated; their impact on cash and cash equivalents is shown separately, as is the influence of exchange rate fluctuations on cash and cash equivalents.

Cash flow from operating activities includes dividends received in the amount of €3.1 million (previous year: €4.0 million); non-cash profit contributions from the application of the equity method were eliminated. Non-cash additions to non-current assets were made in the amount of €0.4 million (previous year: €0.4 million). Interest paid was €30.4 million (previous year: €31.0 million), and interest received amounted to €13.0 million (previous year: €10.9 million). Income tax payments amounted to €57.7 million (previous year: €14.5 million). These transactions are reported under cash flow from operating activities.

38. Employees

	2008	2007
Wage earners	4,239	4,032
Salary earners	4,044	3,864
Trainees	466	397
Average number of employees	**8,749**	**8,293**

The personnel expenses reported in the income statement under functional costs amounted to €514.9 million (previous year: €472.8 million).

39. Segment Reporting

Information by Business Segment

	CLAAS Agricultural Equipment		CLAAS Industrial Engineering		CLAAS Production Technology		Eliminations		CLAAS Group	
in € million	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
External sales	3,032	2,468	43	41	161	150	-	-	3,236	2,659
Internal sales	6	5	147	113	2	2	-155	-120	-	-
Total net sales	**3,038**	**2,473**	**190**	**154**	**163**	**152**	**-155**	**-120**	**3,236**	**2,659**
Operating profit (EBIT)	288	224	4	3	-9	-17	-	-	283	210
Income from investments accounted for using the equity method	3	5	-	-	-	-	-	-	3	5
Interest income	23	19	-	-	1	-	-2	-	22	19
Depreciation / amortization / impairment	85	80	4	5	14	17	-	-	103	102
Non-cash income / expenses	120	53	7	-	7	4	-	-	134	57
Segment assets	1,894	1,665	56	46	155	148	-81	-83	2,024	1,776
Goodwill*	11	17	-	-	-	11	-	-	11	28
Investments accounted for using the equity method	34	31	-	-	-	-	-	-	34	31
Capital expenditure for property, plant and equipment and intangible assets	108	93	5	6	2	2	-	-	115	101
Segment liabilities	1,171	1,072	46	37	120	108	-44	-45	1,293	1,172

* Goodwill for the Agricultural Equipment segment has been reduced by accumulated impairment losses in the amount of €37.1 million, €5.8 million of which accrued in fiscal 2008. In the Production Technology segment, accumulated goodwill impairment amounts to €22.9 million, €12.2 million of which was attributable to fiscal 2008.

Information by Geographical Segment

	Germany		Rest of Western Europe		Central and Eastern Europe		Other countries		Eliminations		CLAAS Group	
in € million	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
External sales	726	631	1,375	1,210	674	476	461	342	-	-	3,236	2,659
Segment assets	1,839	1,592	695	734	132	95	194	155	-836	-800	2,024	1,776
Capital expenditure for property, plant and equipment and intangible assets	74	70	26	23	6	3	9	5	-	-	115	101

CLAAS defines its primary segments by areas of business. The definition of business segments and geographical segments is based on the internal reporting system.

The Agricultural Equipment segment is the Group's core business segment. CLAAS is the European market leader in its core products of combine harvesters and foragers. The Group also holds significant market shares in balers and green harvest machinery, especially in Western Europe. The tractor business was added to the Agricultural Equipment segment in 2003.

CLAAS' Industrial Engineering segment is the system supplier for drive technology and hydraulics within the CLAAS Group. Third-party business chiefly involves components for construction machinery and utility vehicles.

The Production Technology segment is headed by CLAAS Fertigungstechnik GmbH. This company has specific expertise in special purpose mechanical engineering and tool making as well as in the development and manufacture of complete transfer and production lines. Since the acquisition of BRÖTJE-Automation, business activity in this segment has been extended to the aviation and aerospace industry.

Internal sales reflect the level of sales between the Group companies and are accounted for at arm's length.

The increase in net sales from €2,658.9 million to €3,236.2 million is due to growth in all geographical segments, particularly in Central and Eastern Europe.

Reconciliation of operating profit, defined as EBIT at CLAAS, with the Group's net income for the year is as follows:

in € '000	2008	2007
Operating profit (EBIT)	**282,529**	**209,866**
less income taxes	78,732	60,987
less interest and similar expenses	34,460	34,059
Net income	**169,337**	**114,820**

40. Related Party Disclosures

Related parties within the meaning of IAS 24 generally are: the members of the Supervisory Board and the Shareholders' Committee, the members of the Claas families, the members of the Group Executive Board and the associated companies of the CLAAS Group, and companies controlled or significantly influenced by related parties.

The significant relationships of the members of the Supervisory Board and the Shareholders' Committee as well as of the members of the Claas families with the CLAAS Group are as follows:

	Members of the Supervisory Board / Shareholders' Committee		Members of the Claas families – if not members of the Supervisory Board / Shareholders' Committee	
in € '000	2008	2007	2008	2007
Supervisory Board and Shareholders' Committee remuneration	352	270	-	-
Services	259	247	-	-
Credits granted to CLAAS	39,536	30,565	22,899	18,845

Deliveries to related parties amounted to €139.3 million (previous year: €120.1 million). Deliveries received from related parties amounted to €224.5 million (previous year: €156.2 million). In addition, the CLAAS Group received services from related companies in the amount of €20.5 million (previous year: €23.6 million) and rendered services in the amount of €3.0 million (previous year: €2.7 million).

The following remuneration was paid to members of the Group Executive Board:

in € '000	2008	2007
Current remuneration	5,430	6,944
Provisions for retirement benefits	186	321

In the year under review, no payments were made to members of the Executive Board of CLAAS KGaA mbH due to termination of employment contracts (previous year: €2.1 million). Retirement benefits were paid to former members of the Executive Board of CLAAS KGaA mbH / the Group Executive Board in the amount of €0.4 million (previous year: €0.4 million). Obligations for current pensions and vested rights of former members of Executive Board of the CLAAS KGaA mbH / the Group Executive Board amounted to €6.1 million (previous year: €7.9 million).

41. Auditor's Fees and Services

The fees for the auditor of the consolidated financial statements, Deloitte & Touche GmbH, Düsseldorf, that were recognized as an expense in the fiscal year are broken down as follows:

in € '000	2008	2007
Audit fees	547	699
Audit-related service fees	83	82
Tax consulting fees	263	141
Other fees	44	64
Total expenses	**937**	**986**

Audit fees include all fees for auditing the financial statements of CLAAS KGaA mbH and the consolidated financial statements as well as the financial statements of the domestic subsidiaries. Other fees mainly comprise project-related consulting services.

42. Events After the Balance Sheet Date

There were no events or developments requiring disclosure after the close of the fiscal year that would have significantly changed the presentation or amounts reported of individual assets or liabilities as of September 30, 2008.

Independent Auditor's Report

We have audited the consolidated financial statements of CLAAS Kommanditgesellschaft auf Aktien mbH, Harsewinkel, consisting of the balance sheet, the income statement, the statement of changes in equity, the statement of cash flows, and the notes to the financial statements, as well as the Group management report for the fiscal year from October 1, 2007 to September 30, 2008. The preparation of the consolidated financial statements and the Group management report in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the additional requirements of German commercial law pursuant to Section 315a (1) of the German Commercial Code (HGB) are the responsibility of the Company's management. Our responsibility is to express an opinion, based on our audit, on the consolidated financial statements and the Group management report.

We conducted our audit of the consolidated financial statements pursuant to Section 317 of the German Commercial Code and the generally accepted German standards for the audit of financial statements as promulgated by the "Institut der Wirtschaftsprüfer." Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any misstatements or violations that would have a material effect on the presentation of a true and fair view of the financial position and financial performance conveyed by the consolidated financial statements in accordance with generally accepted accounting principles and by the Group management report. Knowledge of the business activities and economic and legal environment of the Group and expectations of possible misstatements are taken into account in determining audit procedures. The audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements and Group management report as well as the effectiveness of the internal control system relating to the accounting system. The audit also includes assessing the financial statements of the companies included in the consolidated financial statements as well as the definition of the group of consolidated companies, the accounting and consolidation principles used, and significant estimates made by the Company's management as well as evaluating the overall presentation of the consolidated financial statements and the Group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

Based on our audit, it is our opinion that the consolidated financial statements of CLAAS Kommanditgesellschaft auf Aktien mbH, Harsewinkel, comply with IFRS as adopted by the EU and the additional requirements of German commercial law as set forth in Section 315a (1) of the German Commercial Code and provide a true and fair view of the financial position and financial performance of the Group in consideration of the aforementioned provisions. The Group management report is consistent with the consolidated financial statements and, taken as a whole, provides a suitable understanding of the Group's position and suitably presents the opportunities and risks of future development.

Düsseldorf, November 20, 2008

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

(Schlereth)
Wirtschaftsprüfer
(German Public Auditor)

(Bedenbecker)
Wirtschaftsprüfer
(German Public Auditor)

Management Statement on the Preparation of the Consolidated Financial Statements

These consolidated financial statements and the Group management report were prepared by the Executive Board of CLAAS KGaA mbH on November 12, 2008. The accuracy and completeness of the information contained in the financial statements and the Group management report are the responsibility of the Company's management. The consolidated financial statements for the fiscal year ended September 30, 2008 were prepared in accordance with International Financial Reporting Standards (IFRS) and comply with Directive 83/349/EEC. Previous year figures were determined in accordance with the same principles. The consolidated financial statements are supplemented by the Group management report and the notes to the financial statements in accordance with Section 315a of the German Commercial Code (HGB).

Systems of internal control, uniform Group accounting policies and continuous employee training ensure that the consolidated financial statements and the Group management report are prepared in compliance with generally accepted accounting principles and comply with statutory requirements. Compliance with the guidelines set forth in the risk management manual, which are applicable to the Group as a whole, as well as the reliability and effectiveness of the control systems are examined by our internal auditing unit on an ongoing basis. After careful examination of the current risk position, we have discovered no specific risks that could threaten the continued existence of the CLAAS Group.

Deloitte & Touche GmbH, Wirtschaftsprüfungsgesellschaft, has audited the consolidated financial statements and the Group management report and has issued an unqualified audit opinion.

Harsewinkel, November 20, 2008

Dr. Theo Freye Dr. Hermann Garbers Thomas Klatt

Structure of CLAAS KGaA mbH

Personally liable Partner
Helmut Claas GmbH

Shareholders
Helmut Claas
Günther Claas
Reinhold Claas

KGaA Shareholders
Family Helmut Claas
Family Günther Claas
Family Reinhold Claas

Shareholders' Committee
Helmut Claas, Harsewinkel
Chairman
Cathrina Claas, Frankfurt / Main
Deputy Chairman

Supervisory Board
Helmut Claas, Harsewinkel
Chairman
Guntram Schneider, Münster *
Deputy Chairman
Cathrina Claas, Frankfurt / Main
Oliver Claas, Bohmte
Reinhold Claas, Harsewinkel
Uwe Bolweg, Liesborn * (until 09 / 2008)
Michael Köhler, Paderborn *
Nicola Leibinger-Kammüller, Ditzingen
Günter Linke, Harsewinkel *
Gerd Peskes, Düsseldorf
Heinrich Strotjohann, Harsewinkel *
Carmelo Zanghi, Paderborn *

* Employee representatives

Group Executive Board
Theo Freye **
Hermann Garbers **
Ulrich Jochem
Thomas Klatt **
Lothar Kriszun
Rolf Meuther
Jan-Hendrik Mohr

** Executive Board of Helmut Claas GmbH

Authorized Company Representatives
Gerd Hartwig
Stefan Belda

Locations


Saxham / United Kingdom
CLAAS U.K. Ltd.
Basingstoke / United Kingdom
CLAAS Financial Services Ltd.
Metz-Woippy / France
Usines CLAAS France S.A.S.
Vélizy / France
CLAAS Tractor S.A.S.
CLAAS Réseau Agricole S.A.S.
Le Mans / France
CLAAS Tractor S.A.S.
Paris / France
CLAAS France S.A.S.
CLAAS Financial Services S.A.S.
Madrid / Spain
CLAAS Ibérica S.A.
Vercelli / Italy
CLAAS Italia S.p.A.
Columbus / Indiana / USA
CLAAS of America Inc.
Omaha / Nebraska / USA
CLAAS Omaha Inc.
CLAAS of America Inc.
BRÖTJE-Automation-USA Inc.
Sunchales / Argentina
CLAAS Argentina S.A.


Wiefelstede / Germany
▲ BRÖTJE-Automation GmbH
Jaderberg / Germany
▲ BA Jaderberg GmbH
Beelen / Germany
▲ CLAAS Fertigungstechnik GmbH
Kiev / Ukraine
● CLAAS Ukraina DP
Moscow / Russia
● OOO CLAAS Vostok
Krasnodar / Russia
● OOO CLAAS
Törökszentmiklos / Hungary
● CLAAS Hungaria Kft.
Bielefeld / Germany
● AGROCOM GmbH & Co. Agrarsystem KG
Paderborn / Germany
■ CLAAS Industrietechnik GmbH
Nördlingen / Germany
▲ CLAAS Automation GmbH
Harsewinkel / Germany
● CLAAS Vertriebsgesellschaft mbH
● CLAAS Global Sales GmbH
● CLAAS Service and Parts GmbH
● CLAAS Selbstfahrende Erntemaschinen GmbH
Bad Saulgau / Germany
● CLAAS Saulgau GmbH
Hamm / Germany
● CLAAS Service and Parts GmbH
Chandigarh / India
● CLAAS India Ltd.
Faridabad / India
● CLAAS India Ltd.
■ Industrial Engineering
▲ Production Technology
Agricultural Equipment
● Product Company
● Sales Company
◑ Financing Company

Ten-Year Overview

in € million	2008	2007	2006	2005	2004	2003*	2002*	2001*	2000*	1999*
Financial Performance										
Net sales	3,236.2	2,658.9	2,350.9	2,175.3	1,928.4	1,496.3	1,265.5	1,147.9	1,072.5	1,038.5
Foreign sales (in %)	77.6	76.3	76.3	75.1	76.8	69.2	64.9	68.9	66.6	65.5
Income before taxes	248.1	175.8	130.7	86.4	36.1	22.6	55.8	36.1	26.2	22.4
Net income	**169.3**	**114.8**	**80.9**	**54.7**	**21.9**	**17.9**	**32.5**	**14.3**	**11.7**	**5.8**
Financial Position										
Non-current assets	**522.8**	**493.3**	**501.9**	**473.9**	**472.2**	**438.1**	**306.8**	**247.5**	**221.0**	**170.4**
Intangible assets	126.6	141.3	145.6	123.1	119.8	55.8	20.0	6.8	3.5	6.0
Property, plant, and equipment	281.0	257.6	260.8	243.9	249.1	252.3	192.8	155.5	138.7	99.3
Other non-current assets	115.2	94.4	95.5	106.9	103.3	130.0	94.0	85.2	78.8	65.1
Current assets	**1,501.1**	**1,282.7**	**1,109.5**	**1,137.8**	**973.7**	**974.7**	**712.8**	**683.9**	**638.6**	**585.7**
Inventories	394.6	343.0	339.9	295.0	280.6	337.6	207.1	168.5	181.2	212.6
Other current assets	390.3	341.8	333.6	342.1	312.5	292.3	205.0	181.3	172.6	136.3
Liquid assets	716.2	597.9	436.0	500.7	380.6	344.8	300.7	334.1	284.8	236.8
Equity	**731.0**	**604.4**	**502.5**	**484.9**	**374.4**	**292.5**	**292.2**	**268.8**	**263.5**	**261.6**
Funds similar to equity**						**106.3**	**58.3**	**56.3**	**55.5**	
Liabilities	**1,292.9**	**1,171.6**	**1,108.9**	**1,126.8**	**1,071.5**	**1,014.0**	**669.1**	**606.3**	**540.6**	**494.5**
Non-current liabilities	503.8	541.4	545.4	499.2	569.6	502.5	309.7	301.9	299.9	282.8
Current liabilities	789.1	630.2	563.5	627.6	501.9	511.5	359.4	304.4	240.7	211.7
Total assets	**2,023.9**	**1,776.0**	**1,611.4**	**1,611.7**	**1,445.9**	**1,412.8**	**1,019.6**	**931.4**	**859.6**	**756.1**
Key Performance Indicators										
Return on sales (in %)	7.7	6.6	5.6	4.0	1.9	1.5	4.4	3.2	2.4	2.2
EBIT	282.5	209.9	162.8	118.0	70.4	53.2	84.0	66.7	54.0	48.7
EBITDA	385.6	312.0	246.4	186.7	142.4	90.9	111.9	111.5	82.5	79.9
Return on equity (in %)	23.2	19.0	16.1	11.3	5.8	6.1	11.1	5.3	4.4	2.2
Return on assets (in %)	14.0	11.8	10.1	7.3	4.9	3.8	8.2	7.2	6.3	6.4
Cash flow (DVFA/SG)***	285.9	236.3	171.4	130.7	94.2	51.2	67.4	67.7	39.6	53.1
Equity-to-assets ratio (in %)	36.1	34.0	31.2	30.1	25.9	20.7	28.7	28.9	30.7	34.6
Cash ratio (in %)	90.8	94.9	77.4	79.8	75.8	67.4	83.7	109.7	118.3	111.9
Equity and non-current liabilities to non-current assets (in %)	236.2	232.3	208.8	207.7	199.9	205.7	215.2	253.3	280.0	319.5
Working Capital	474.8	420.2	413.7	443.9	368.1	415.9	303.5	251.8	274.0	286.6
Employees										
Employees as of the reporting date (including trainees)	9,100	8,425	8,191	8,134	8,127	8,391	6,114	5,488	5,558	5,853
Personnel expenses	514.9	472.8	455.7	433.1	416.8	352.3	291.7	277.3	269.7	269.1

* Figures for 1999 in accordance with HGB, figures for 2000 through 2003 in accordance with U.S. GAAP.

** Under U.S. GAAP participation certificates, the silent partnership and minority interest are funds similar to equity.

*** Deutsche Vereinigung für Finanzanalyse und Anlageberatung e.V./Schmalenbach-Gesellschaft (German association of financial analysts)

Definitions

Return on sales (in %)	=	$\frac{\text{Income before taxes}}{\text{Sales}} \times 100$
EBIT	=	Net income + income taxes + interest and similar expenses, net
EBITDA	=	EBIT +/- depreciation/write-ups of intangible and tangible assets
Return on equity (in %)	=	$\frac{\text{Net income}}{\text{Equity}} \times 100$
Return on assets (in %)	=	$\frac{\text{EBIT}}{\text{Total assets}} \times 100$
Cash flow according to DVFA/SG	=	Net income + depreciation/amortization of non-current assets +/- change in pension provisions and other non-current provisions +/- other non-cash income and expenses
Equity-to-assets ratio (in %)	=	$\frac{\text{Equity}}{\text{Total assets}} \times 100$
Liquid assets	=	Cash and cash equivalents + marketable securities
Cash ratio (in %)	=	$\frac{\text{Liquid assets}}{\text{Current liabilities}} \times 100$
Quick ratio (in %)	=	$\frac{\text{Liquid assets + trade receivables + income tax assets + other receivables and current financial assets - current derivative assets - prepaid expenses + non-current receivables from investments + other non-current assets}}{\text{Current liabilities}} \times 100$
Equity and non-current liabilities to non-current assets (in %)	=	$\frac{\text{Equity + non-current liabilities}}{\text{Non-current assets}} \times 100$
Equity and non-current liabilities to non-current assets and inventory (in %)	=	$\frac{\text{Equity + non-current liabilities}}{\text{Non-current assets + 0.5 x inventories}} \times 100$
Working Capital	=	Inventories - advance payments received +/- trade accounts receivable/payable +/- accounts receivable/payable to investments + POC receivables +/- notes receivable/payable
Inventory turnover (in %)	=	$\frac{\text{Average inventory}}{\text{Sales}} \times 100$
Receivables turnover (in %)	=	$\frac{\text{Average trade receivables}}{\text{Sales}} \times 100$
Days sales outstanding	=	Receivables turnover x 365

The key performance indicators for the fiscal years 2004 to 2008 are presented in accordance with IFRS.
The figures for fiscal years 2000 through 2003 are based on U.S. GAAP and for fiscal year 1999 is based on HGB.

Products and Services

Combine Harvesters

- LEXION 600
- LEXION 580/570/570 C
- LEXION 560-510
- TUCANO
- MEGA
- MEDION
- DOMINATOR

Foragers

- JAGUAR 980-950
- JAGUAR GREEN EYE
- FIELD SHUTTLE
- JAGUAR wood harvester

Tractors

- XERION TRAC VC
- XERION SADDLE TRAC
- AXION
- ARION 600/500
- ARION 600 C
- ARES 500
- AXOS
- NECTIS

JAGUAR

TUCANO

AXOS

Balers

- QUADRANT 3400
- QUADRANT 3200
- QUADRANT 2200/2100
- QUADRANT 1150
- VARIANT 360-385
- VARIANT 370/350
- ROLLANT 350/340
- ROLLANT 354/355/UNIWRAP

Telescope Loaders

- SCORPION

Green Harvest Machinery

- CORTO drum mowers
- COUGAR self-propelled mowers
- DISCO disc mower
- LINER hay rakes
- QUANTUM loader wagons
- VOLTO tedder

AGROCOM

- Software for:
- Precision farming
- Biogas
- Contractors
- Animal husbandry
- Accounting
- Services

Guidance, Measuring, and Optimization Systems

- Guidance systems
- Yield mapping
- TELEMATICS

CLAAS SELECT

- Products for CLAAS machines, including:
- Lubricants
- Bale packaging materials
- Batteries
- Tools
- Measuring instruments
- Standard parts

SCORPION

VARIANT

DISCO

Calendar 2009 – Important Trade Fairs

February 2009
InterAGRO – International Agricultural Exhibition, Kiev / Ukraine

February 2009
SIMA, Paris / France

June 2009
Cereals, Leadenham / United Kingdom

June 2009
Royal Highland Show, Edinburgh / United Kingdom

September 2009
Farm Progress Show, Boone, Iowa / USA

November 2009
AGRITECHNICA – International DLG exhibition for agricultural engineering, Hanover / Germany

November 2009
Agrosalon, Moscow / Russia

November 2009
EIMA INTERNATIONAL – International exhibition for the agricultural machinery industry, Bologna / Italy

November 2009
YugAgro – International exhibition for agriculture, Krasnodar / Russia

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We would be happy to send you additional copies of this report and further material about CLAAS free of charge upon request.

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